SAN FRANCISCO PUBLIC LIBRARY
3 1223 06447 3524

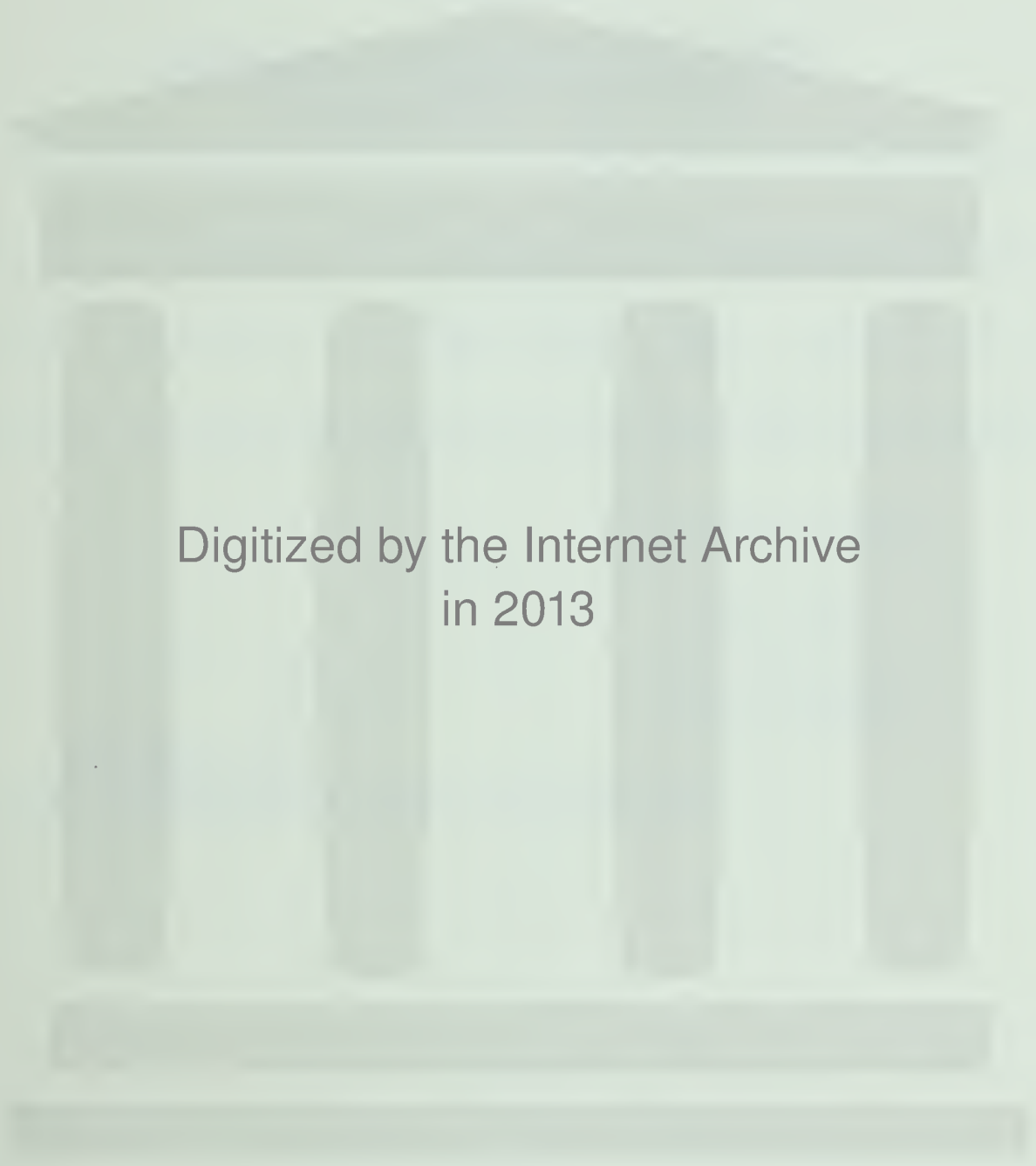
5/S

San Francisco Public Library

Government Information Center
San Francisco Public Library
100 Larkin Street, 5th Floor
San Francisco, CA 94102

REFERENCE BOOK

Not to be taken from the Library



Digitized by the Internet Archive
in 2013

http://archive.org/details/minutesofregular2004comm_1

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

Agenda

NOTICE

CANCELLATION OF JULY 8, 2004 COMMISSION MEETING

THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, SCHEDULED FOR JULY 8, 2004, HAS BEEN CANCELLED.

DOCUMENTS DEPT.
JUL 6 - 2004
SAN FRANCISCO
PUBLIC LIBRARY

GREGG FORTNER, SECRETARY/ EXECUTIVE DIRECTOR

3 1223 06447 3524

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

NOTICE

THE REGULARLY SCHEDULED MEETING OF THE
SAN FRANCISCO HOUSING AUTHORITY COMMISSION
WILL BE HELD ON THURSDAY, JULY 22, 2004 AT 4:00 P.M.
AT 440 TURK STREET, SAN FRANCISCO, CALIFORNIA, 94102

AGENDA
July 22, 2004

1. ROLL CALL

   Julie Lee, President
   George R. Brown, Vice President
   Sululagi Palega, Sr., Commissioner
   Betty J. Smith, Commissioner
   Neola Gans, Commissioner
   Rev. George Woodruff, Commissioner

DOCUMENTS DEPT.
JUN - 8 2005
SAN FRANCISCO
PUBLIC LIBRARY

2. APPROVAL OF AGENDA

3. APPROVAL OF MINUTES

   - June 24, 2004 Commission Meeting

4. GENERAL COMMUNICATIONS

5. REPORT OF SECRETARY

6. COMMITTEE REPORTS

   Diversity Committee – Nothing to Report
   Finance Committee – Report of July 19, 2004 Meeting
   Personnel Committee – Nothing to Report

7. REPORT OF AGENCY COUNSEL

8. TENANT REPRESENTATIVE REPORT:
City Wide Council - Senior/Disabled
Public Housing Tenants Association (PHTA)

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

10. UNFINISHED BUSINESS - NONE

11. NEW BUSINESS

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO INCREASE FUNDS FOR LEGAL SERVICES FOR UNLAWFUL DETAINER CASES IN AN AMOUNT NOT-TO-EXCEED $100,000

(B) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A SIDE LETTER OF AGREEMENT WITH THE PLUMBERS UNION LOCAL 38 TO ROLL OVER THE CURRENT CONTRACT UNTIL SEPTEMBER 30, 2006

(C) RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE AND DELIVERY OF UP TO $40,000,000 OF MULTIFAMILY DRAW DOWN BONDS, SERIES 2004A; AUTHORIZING THE LENDING OF THE PROCEEDS OF THE BONDS TO VALENCIA GARDENS HOUSING LIMITED PARTNERSHIP; AND AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, BOND PURCHASE AGREEMENT AND SUCH OTHER DOCUMENTS AS MAY BE NECESSARY FOR THE ISSUANCE OF THE BONDS

(D) RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE AND DELIVERY OF UP TO $40,000,000 OF MULTIFAMILY HOUSING REVENUE REFUNDING BONDS (VALENCIA GARDENS), SERIES 2004; AUTHORIZING THE LENDING OF THE PROCEEDS OF THE BONDS TO VALENCIA GARDENS HOUSING LIMITED PARTNERSHIP; AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, LOAN AGREEMENT, TAX REGULATORY AGREEMENT, BOND PURCHASE CONTRACT, OFFICIAL STATEMENT AND SUCH OTHER DOCUMENTS AS MAY BE NECESSARY FOR THE ISSUANCE OF THE BONDS

(E) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF VALENCIA GARDENS, INCLUDING A MIXED FINANCE AMENDMENT, DECLARATION OF TRUST AND RESTRICTIVE COVENANTS, A GROUND LEASE, REGULATORY AND OPERATING AGREEMENT, HOPE VI LOAN DOCUMENTS, AN OPTION AGREEMENT, SUBORDINATION AGREEMENTS, CERTIFICATIONS, AND OTHER DOCUMENTS

(F) RESOLUTION APPROVING THE ARTICLES OF ORGANIZATION AND OPERATING AGREEMENT FOR THE VALENCIA GARDENS DEVELOPMENT LLC, AUTHORIZING THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO TO SERVE AS THE SOLE MEMBER OF THE VALENCIA GARDENS DEVELOPMENT LLC, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO SERVE AS MANAGER OF THE VALENCIA GARDENS DEVELOPMENT LLC

(G) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH WESTERN ROOFING SERVICE FOR THE SECOND FLOOR ROOF REPLACEMENT WORK AT CAL 1-41, 430/440 TURK STREET, IN AN AMOUNT NOT TO EXCEED $519,296.00

(H) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH C & J PAINTING CO. FOR EXTERIOR LEAD PAINT STABILIZATION AT CAL 1-18(3), HUNTERS VIEW, IN AN AMOUNT NOT TO EXCEED $900,000

(I) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO TWO SEPARATE TWO-YEAR CONTRACTS FOR $50,000 EACH, ONE WITH SCA ENVIRONMENTAL, INC. AND ONE WITH KELLCO ENVIRONMENTAL SERVICES, INC., TO PROVIDE LEAD AND ASBESTOS CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $100,000 FOR THE TWO CONTRACTS

(J) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH OLIVIA CHEN CONSULTANTS, INC. TO PROVIDE CIVIL ENGINEERING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $150,000

(K) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH THE KPA GROUP TO PROVIDE STRUCTURAL ENGINEERING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $100,000

12. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

13. COMMISSIONER'S COMMENT AND REPORT

14. ADJOURNMENT

GREGG FORTNER, Secretary/Executive Director

A

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO, CALIFORNIA 94102 • (415) 554-1200

DATE: **July 22, 2004**

TO: **SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS**

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO INCREASE FUNDS FOR LEGAL SERVICES FOR UNLAWFUL DETAINER CASES IN AN AMOUNT NOT-TO-EXCEED $100,000.

OVERVIEW

This resolution requests Commission approval for an increase in funds for legal services in an amount not-to-exceed $100,000. The additional funding is to cover continuing legal services with respect to unlawful detainer (eviction) cases until a new contract for legal services can be procured and executed. Due to a large number of unlawful detainer cases, the current contract will exceed anticipated budget authority very shortly and requires additional funding.

Resolution 5103, which was approved by the Commission on July 10, 2003, authorized the Executive Director to enter into contracts with unlawful detainer firms for legal services. The Authority expected that these legal services would not exceed $200,000. However because the property management and legal staffs are more diligently pursuing action against residents who commit lease violations, there has been an increasing need for legal services. Additionally, the Authority successfully addressed the backlog of unlawful detainer actions that existed through the beginning of 2003. An additional $100,000 is needed to continue to carry out eviction actions for the rest of the year. The Authority plans to conduct procurement activities in August for a new legal services contract.

PROCUREMENT

The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities," the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws.

OBJECTIVE

The objective of this resolution is to obtain Commission approval for additional funding to provide uninterrupted legal services for unlawful detainer cases. Legal actions have resulted in full rental payments, voluntary vacating of units, stipulated settlements filed with the court, and as a result, fewer tenant evictions. In order to continue to address rent payment delinquencies and lease violations in a prompt and responsive manner, continued funding is necessary.

ANTICIPATED OUTCOMES

It is anticipated that continued unlawful detainer actions would result in increased rental revenues or the eviction of tenants who are not meeting rental or lease obligations. The early filing of legal actions before rental deficiencies become substantial will more likely result in the payment of past due rent and a stipulated settlement agreement. The Authority has received a significant number of police reports this year. Since January, the Authority received 270 reports from the San Francisco Police Department. The Authority has also processed 293 rent cases, which is more than double the amount of rent cases processed during the same period last year. Additional legal services are required to address this increase in cases, which will result in a healthier and safer environment for the residents.

WHO BENEFITS

The residents of SFHA development sites, the residents, and the Housing Authority will benefit from the increased rent revenues, the removal of tenants who are responsible for reported crimes, and an improved community environment resulting from ongoing lease enforcement.

BUDGET CONSIDERATIONS

Funding is available as part of the Authority's 2004 and 2005 Low-Income Operating Budget.

RECOMMENDATION

It is recommended that the Board approve this resolution to increase the funding of the legal services contract for unlawful detainer actions with Eviction Assistance in an amount not-to-exceed $100,000.

RESOLUTION NO. 5162

DATE ADOPTED 7/22/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO INCREASE FUNDS FOR LEGAL SERVICES FOR UNLAWFUL DETAINER CASES IN AN AMOUNT NOT-TO-EXCEED $100,000

WHEREAS, the San Francisco Housing Authority (the "SFHA") Commission approved Resolution 5103, dated July 10, 2003, authorizing the Executive Director to enter into a two-year contract for unlawful detainer legal services on an as-needed basis in an amount not-to-exceed $200,000; and

WHEREAS, it is essential that the SFHA continue its rent collection efforts and address lease violations through use of the legal processes until a new contract can be issued; and

WHEREAS, the SFHA's current legal office does not possess the necessary resources to provide ongoing unlawful detainer legal services; and

WHEREAS, the current outside counsel has proven experience, knowledge, and expertise in the area of rent collection and unlawful detainer litigation; and

WHEREAS, the Authority initially budgeted $200,000 for payment of unlawful detainer legal services; and

WHEREAS, the Authority has experienced an increase in cases, which will require additional funding; and

WHEREAS, the estimated amount of these additional services are not-to-exceed the amount of One Hundred Thousand Dollars ($100,000).

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to increase funds for legal services for unlawful detainer cases in an amount not-to-exceed $100,000.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY: REVIEWED BY:

DONNA MARTIN, General Counsel

Date: 7-16-04

GREGG FORTNER, Executive Director

Date: 7/16/2004

B

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO, CALIFORNIA 94102 • (415) 554-1200

Date: July 22, 2004

To: San Francisco Housing Authority Commissioners

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Reverend George Woodruff, Commissioner

From: Gregg Fortner, Secretary/Executive Director

Subject: Resolution authorizing the Executive Director to enter into a side letter of agreement with the Plumbers Union Local 38 to roll over the current contract until September 30, 2006.

Overview

The Memorandum of Understanding (MOU) between the SFHA and the Plumbers Union Local 38 expired on September 30, 2003. This MOU is similar to the MOU between the City and County of San Francisco and Local 38. The SFHA Plumbers MOU is essentially a "me too" to the City's MOU. On June 29, 2004 the San Francisco Board of Supervisors agreed to roll over the City Plumbers MOU with an adjustment in wages. The SFHA is proposing that we make the same wage adjustments. The adjustments are a lump sum payment based on overtime and premium pay as a one-time payment, a 2% wage increase in 2005 and two wage increases in 2006 totaling 4%. Additionally, the SFHA will stay consistent in its Health and

Welfare payments; these payments are connected to the Plumbers Master Agreement. All of the other provisions of the current MOU will remain the same. At this time, we have 16 journey level Plumbers and 2 Forepersons and 4 Steamfitters and 1 Foreperson.

Anticipated outcome

That the proposed side letter of agreement be adopted and the SFHA and Local 38 roll over the current MOU until September 30, 2006 with the adjustments cited above.

Who benefits

The SFHA benefits by completing good faith bargaining and continuing the mutually respectful relationship with Local 38. The Plumbers and Steamfitters in Local 38 will benefit with the continuation of their current Health/Welfare benefit levels and the anticipated wage increases. The SFHA public housing residents will benefit by having qualified Plumbers and Steamfitters providing maintenance services.

Budget Considerations

The total cost of the Health and Welfare payments and the payments into the apprenticeship trust will be approximately $171,392 over the life of this side agreement. The cost of wage increases for 2005 and 2006 (projected through September 30, 2007) will be $346,155. The lump sum payment set for August 2005 is projected to be $4,316 based on the past cost of overtime and premium pay for SFHA plumbers. The above wage increases will result in wage increases of $1.90 per hour for journey level Plumbers and Steamfitters over the life of the MOU and will result in the base wage increasing from the current $35.03 per hour to $36.93 per hour. Funds are available from the Low Income Operating Program. A copy of the Tentative Agreement is attached.

Recommendation

Adopt the resolution for entering into a side agreement with Local 38 to roll over the current MOU until September 30, 2006.

RESOLUTION NO. 5163

DATE ADOPTED 7/22/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A SIDE LETTER OF AGREEMENT WITH THE PLUMBERS UNION LOCAL 38 TO ROLL OVER THE CURRENT CONTRACT UNTIL SEPTEMBER 30, 2006

WHEREAS, the current Memorandum of Understanding (MOU) between the San Francisco Housing Authority and the Plumbers Union Local 38 expired on September 30, 2003.

WHEREAS, the Plumbers Union Local 38 has tentatively agreed to roll over the current MOU until September 30, 2006.

WHEREAS, the San Francisco Housing Authority wishes to continue the positive working relationship with Local 38.

WHEREAS, the San Francisco Housing Authority wishes to enter into a side letter of agreement to roll over the current MOU until September 30, 2006.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a side letter of agreement with the Plumbers Union Local 38 to roll over the current MOU until September 30, 2006.
2. This Resolution shall be effective immediately.

APPROVED AS TO
FORM AND LEGALITY

Donna Martin, General Counsel

REVIEWED BY

Gregg Fortner, Executive Director

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, Julie Lee, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on July 22, 2004:

RESOLUTION NO. 5163

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A SIDE LETTER OF AGREEMENT WITH THE PLUMBERS UNION LOCAL 38 TO ROLL OVER THE CURRENT CONTRACT UNTIL SEPTEMBER 30, 2006

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:

Julie Lee
George R. Brown
Sululagi Palega, Sr.
Betty J. Smith
Neola Gans
George Woodruff

AGAINST ADOPTION:

ABSENT (EXCUSED):

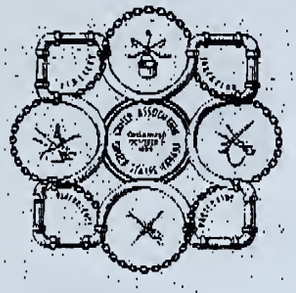
IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: December 9, 2004.

Julie Lee, President
SFHA Commission

B-1

TELEPHONE (415) 626-2000

FACSIMILE (415) 626-2009
EMAIL: UALOCAL38@UALOCAL38.ORG



UNITED ASSOCIATION OF JOURNEYMEN AND APPRENTICES
OF THE PLUMBING AND PIPE FITTING INDUSTRY

LOCAL UNION NO. 38

1621 MARKET STREET • SAN FRANCISCO, CA 94103

SIDE LETTER OF AGREEMENT

Plumbers Union Local 38 and the San Francisco Housing Authority

May 7, 2004

The parties agree that this Side Letter of Agreement shall remain in force through September 30, 2006.

For the term of this Agreement the Parties have agreed on the following items:

ARTICLE III WAGES AND CLASSIFICATIONS

Section 1. Base Wage Increases

*04-05 Lump sum payment:
San Francisco Housing Authority to pay lump sum no later than August 1, 2005, in an amount equal to additional value of earned overtime and premiums as if 2% wage adjustment occurred on 7/1/04.

*October 1, 2005 a 2% increase

*January 1, 2006 a 2% increase (pay period closest to)

*September 30, 2006 a 2% increase (pay period closest to)

In accordance with the Plumbers Master Agreement the SFHA will increase the cost of Health/Welfare by $1.00 effective July 1, 2003.

In accordance with the Plumbers Master Agreement the SFHA will increase the cost of Health/Welfare by $0.75 effective July 1, 2004.

In accordance with the Plumbers Master Agreement the SFHA will increase the cost of Health/Welfare by $0.75 effective July 1, 2005.

Section 4. The San Francisco Housing Authority agrees to contribute $60.00 to the apprenticeship trust fund per year per journeyman.

Subject to the Board of Supervisors approval.

All other Articles and Provisions will remain the same.

UA Local 38 San Francisco Housing Authority

TENTATIVE AGREEMENT

C

SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco, California • 94102 • (415) 554-1200

DATE: July 16, 2004

TO: **SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS**

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE AND DELIVERY OF UP TO $40,000,000 OF MULTIFAMILY DRAW DOWN BONDS, SERIES 2004A; AUTHORIZING THE LENDING OF THE PROCEEDS OF THE BONDS TO VALENCIA GARDENS HOUSING LIMITED PARTNERSHIP; AND AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, BOND PURCHASE AGREEMENT AND SUCH OTHER DOCUMENTS AS MAY BE NECESSARY FOR THE ISSUANCE OF THE BONDS

OBJECTIVE

Adoption of this resolution provides Commission authorization and approval of the issuance and delivery of up to $40,000,000 of Multifamily Draw Down Bonds (the "Interim Bonds") and authorization to lend the proceeds of the bonds to the Valencia Gardens Housing Limited Partnership. In addition, the Executive Director is authorized to execute and deliver a Trust Indenture, Bond Purchase Agreement and any other documents that are necessary for issuance of these bonds. These Interim Bonds will be issued in early August to meet certain State of California volume cap deadlines and preserve the Authority's ability to issue Permanent Bonds at the end of September.

OVERVIEW

The Housing Authority of the City and County of San Francisco (the "Authority") is authorized, under the California Health and Safety Code, to issue revenue bonds and use the proceeds to alleviate the shortage of safe and sanitary housing affordable to low-income households in the

City and County of San Francisco. The Authority intends to accomplish this public purpose by providing a portion of the permanent financing for the Valencia Gardens HOPE VI revitalization to Valencia Gardens Housing Limited Partnership through the issuance of $40,000,000 of its revenue bonds (the "Permanent Bonds") on a tax-exempt basis under Federal law.

As a result of the lengthy U. S. Department of Housing and Urban Development (HUD) HOPE VI Mixed Finance review and approval process, the Permanent Bonds cannot be issued within the timing deadlines established by the California Debt Limit Allocation Committee (CDLAC) for utilization of the revenue bond volume cap. While the HUD Mixed Finance evidentiary approval for Valencia Gardens is expected by September 30, 2004, the revenue bonds must be issued by early August in order to meet the CDLAC deadlines.

The Authority, through the issuance of tax-exempt bonds in an aggregate principal amount of $40,000,000 on an interim basis as the Interim Bonds, will be able to utilize the available volume cap and preserve the Authority's ability to issue the Permanent Bonds on a tax-exempt basis under Federal law following HUD approval of the Valencia Gardens evidentiaries. The Permanent Bonds will be issued just prior to the September 2004 closing and will be used to refinance the Interim Bonds and provide construction and permanent financing for the project.

Qualified Bond Counsel and Underwriter were added to the Authority's advisory team to carry out the bond issue: Kutak Rock Bond Counsel and Merrill Lynch Underwriter, along with CSG Advisors, Goldfarb Lipman and Authority staff. Bond Counsel is passing on the validity of the Bonds under state law and the tax-exempt status of the Bonds under federal and state law. Bond Counsel has also drafted the main bond financing documents such as the Trust Indenture, Bond Purchase Agreement and other documents. The Underwriter is structuring the bond issues, assisting with the optimal financing structure, coordinating financing participants, obtaining bond rating and selling the bonds.

With this resolution, the Commission is being to authorize the Interim Bond issue and execution documents related to the bond transaction, including the following:

- Official Statement – describes the transaction to bond purchasers; gives required disclosures.
- Trust Indenture – provides for trustee to control issuance of bonds, use of bond proceeds and repayment on behalf of bondholders
- Bond Purchase Agreement – agreement by the underwriter to purchase the bonds from the Authority.

PRESENT SITUATION

Demolition is complete and the Rental Term Sheet (Mixed Finance Proposal) has been submitted to HUD. The evidentiary documents are being finalized and the Valencia Gardens closing is on schedule for the end of September. Construction will commence this October.

The HUD approved revitalization plan calls for demolition of the existing structures and construction of 260 new apartments with up to 11,000 square feet of community facilities, childcare center, computer learning center and property management offices. Approximately eighty percent of the newly constructed apartment units will be PHA replacement units with Annual Contributions Contract or Section 8 project-based subsidies and approximately twenty percent will be low-income housing tax credit units for households with incomes at or below sixty percent of the area median income.

All financing commitments are in place for revitalization of Valencia Gardens, including the CDLAC private activity bond allocation for $40,000,000 that was awarded on April 28, 2004. Utilization of these bond funds is providing low interest financing as well as access on a noncompetitive basis to 4 percent tax credits for the $25,945,947 in tax credit equity for Valencia. By acting as issuer of the bonds, the Authority allowed the project to seek the private activity bond allocation that was awarded on April 28, 2004.

ANTICIPATED OUTCOMES

July 22	Commission Meeting to: • Authorize Interim Bond Issue • Authorize Permanent Bond Issue • Authorize the submission of evidentiaries to HUD and execution following HUD approval
July 30	Submission of evidentiaries to HUD Complete signing of Interim Bond Documents Execution of Construction Contract
August 5	Close Interim Bonds
September 28-29	Close Permanent Bonds
September 30	Close on All Financing
October 29	Commence Construction

WHO BENEFITS

The Valencia Gardens residents, the Authority, the Mission neighborhood and the City all benefit from the successful and expeditious implementation of this plan for safe well-designed housing and amenities at this site.

BUDGET CONSIDERATIONS

The Authority is acting as issuing authority for $40 million in tax-exempt bonds for construction of Valencia Gardens. As issuer, the Authority does not assume any legal or moral obligation to repay these bonds: only the pledged security for the bonds and project cash flows, may be used. The Permanent Bonds, Valencia Gardens Multifamily Housing Revenue Refunding Bonds, to be issued in September 2004, will repay these Interim Bonds.

Bond Counsel, Underwriter and all other bond related consultant costs are paid out of the bond proceeds once the bonds have been successfully issued. The Authority will not be pledging any of its assets as the issuer of the bonds. The bonds will be special limited obligation bonds that will be repaid from Valencia Gardens project-specific resources.

RESIDENT HIRING

Community building activities, including economic development, self-sufficiency, supportive services, employment training and computer learning center are a core part of the revitalization effort in order to assist current and future low income residents to gain self-sufficiency and revitalize the neighborhood. Mission Housing Development Corporation (MHDC) and the San Francisco Housing Authority (Authority) are working together to outreach, train and place residents in employment with priority for Valencia Gardens residents. To meet and exceed the Commission's 25 percent resident hiring requirements contained in Resolution 4967, MHDC's Resident Hiring Coordinator under the Resident Hiring Plan is directing the resident hiring.

The initial focus of resident hiring included positions with the development team and the demolition/hazardous material abatement sub-contractor. MHDC's general contractors have employed 19 residents during the environmental remediation and demolition process, a 31 percent resident participation. The contractor plans to hire 30 fulltime residents for construction. The consultants and development team employ two additional residents.

RECOMMENDATION

Staff recommends approval of this resolution.

(Prepared by: Barbara Smith and Jerry Wallack of Kutak Rock)

RESOLUTION NO. 5164
DATE ADOPTED 7/22/04

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE AND DELIVERY OF UP TO $40,000,000 OF MULTIFAMILY DRAW DOWN BONDS, SERIES 2004A; AUTHORIZING THE LENDING OF THE PROCEEDS OF THE BONDS TO VALENCIA GARDENS HOUSING LIMITED PARTNERSHIP; AND AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, BOND PURCHASE AGREEMENT AND SUCH OTHER DOCUMENTS AS MAY BE NECESSARY FOR THE ISSUANCE OF THE BONDS

WHEREAS, Housing Authority of the City and County of San Francisco (the "Authority") is authorized by Chapter 1 of Part 2 of Division 24 (commencing with Section 342000) of the California Health and Safety Code, as amended (the "Act"), to issue its revenue bonds and use the proceeds thereof in order to alleviate the shortage of safe and sanitary dwelling accommodations in the City and County of San Francisco available to persons of low income at rentals they can afford; and

WHEREAS, it is the intent of the Authority to accomplish the aforementioned public purpose under the Act by providing a portion of the permanent financing for a "housing project," as defined in the Act, known as "Valencia Gardens" (the "Project"), to Valencia Gardens Housing Limited Partnership, a California limited partnership (the "Borrower"), through the issuance under the Act of $40,000,000 of its revenue bonds (the "Permanent Bonds") on a tax-exempt basis under Federal law; and

WHEREAS, as a result of the approval process with the United States Department of Housing and Urban Development ("HUD"), the issuance of the Permanent Bonds cannot be accomplished prior to certain timing deadlines established by the California Debt Limit Allocation Committee for the utilization of available volume cap under Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable State law, necessary for the issuance of the Permanent Bonds on a tax-exempt basis under Federal law; and

WHEREAS, the Authority, through the issuance, pursuant to this Resolution, of tax-exempt bonds on an interim basis (the "Interim Bonds") will be able to utilize such available volume cap and preserve the Authority's ability to issue the Permanent Bonds on a tax-exempt basis under Federal law following the Authority's receipt of the requisite approvals from HUD.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. **Findings and Determinations.** The Authority does hereby find and determine that (a) the preambles to this Resolution are true and correct, (b) it is in the best interests of the Authority to issue the Interim Bonds to utilize available volume cap under Section 146 of the Code prior to the expiration thereof in order to preserve the Authority's ability to issue the Permanent Bonds on a tax-exempt basis under Federal law, and (c) the Authority desires to issue the Interim Bonds pursuant to the Trust Indenture referenced in

Section 3 hereof, and loan the proceeds thereof to the Borrower, to accomplish the foregoing public purposes.

It is hereby found and declared that the issuance of the Interim Bonds and the financing of the Project will fulfill the public purposes set forth in the Act as recited in the preambles hereto, and that this Resolution is being adopted pursuant to the powers granted by the Act.

2. **The Bonds.** The issuance, sale and delivery of the Interim Bonds in the aggregate principal amount of $40,000,000, and the lending of the proceeds thereof to the Borrower, is approved. Amounts disbursed under the Interim Bonds shall bear interest at the interest rates determined in accordance with the interest rate formulae set forth in the Trust Indenture and the Bond Purchase Agreement referenced in Section 3 hereof. The Interim Bonds shall have a final maturity date of May 5, 2005, and shall be subject to optional redemption, in whole, prior to such final maturity date as provided in the Trust Indenture referenced in Section 3 hereof. Prior to the disbursement of funds under the Interim Bonds (and as security for the Interim Bonds) the Borrower (with the consent of the Authority) shall arrange for the investment of the proceeds of the Interim Bonds in a manner authorized by State law, and which, together with such other funds of the Borrower as are required to be deposited under the Trust Indenture as capitalized interest on the Interim Bonds, shall fully collateralize the Interim Bonds in the manner described in the Trust Indenture, with the result that adequate funds will be available to pay the principal of, and interest from time to time on, the Interim Bonds under the Trust Indenture. The Interim Bonds shall contain a recital that they are issued pursuant to the Act, such recital being conclusive evidence of the Interim Bonds validity and of the regularity of their issuance pursuant to the Act.

3. **The Exhibits.** In connection with the issuance of the Interim Bonds, forms of the following documents have been prepared and filed with the Authority:

(a) a Trust Indenture (the "Trust Indenture"), proposed to be entered into between the Authority and U.S. Bank National Association, as trustee (the "Trustee"); and

(b) a Bond Purchase Agreement (the "Bond Purchase Agreement"), proposed to be entered into between the Authority and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Purchaser"), pursuant to which the Purchaser would purchase the Interim Bonds on the terms and conditions set forth in the Bond Purchase Agreement.

4. **Approval of Documents; Sale of Bonds.** The Trust Indenture and the Bond Purchase Agreement are approved, and the President (or Vice President in the absence of the President) and the Executive Director are authorized to execute said documents on behalf of the Authority substantially in the forms submitted to this Board, but with such final modifications as the officers executing the same deem necessary or desirable to complete the issuance and delivery of the Interim Bonds. The execution and delivery of said documents shall constitute conclusive evidence of the approval of the terms thereof by the officers executing the same and by the Authority.

The sale of the Interim Bonds, upon the terms and conditions set out in the Bond Purchase Agreement, is in all respects authorized and approved. The purchase price to be paid by the Purchaser for the Interim Bonds shall be 100% of the aggregate principal amount thereof; as such amount is drawn pursuant to the terms and provisions of the Indenture.

5. **Authorized Actions.** Without in any way limiting the power, authority or discretion elsewhere herein granted or delegated, the Authority hereby authorizes and directs the President, Vice President and Executive Director to perform, or cause to be performed, such obligations of the Authority and such other actions as they, in consultation with bond counsel and/or general counsel, shall consider necessary or desirable in connection with, or in furtherance of, this Resolution and the transactions contemplated by the documents and agreements identified in this Resolution, including, without limitation, the execution and delivery of agreements, documents, instruments and certifications, whether or not identified herein. The execution and delivery by any such officer of the Authority of any such agreement, document, instrument or certification, or the performance of any act in connection with any of the matters which are the subject of this Resolution, shall constitute conclusive evidence of the approval thereof by such officer and the Authority.

6. **Open Meeting Laws.** It is found and determined that all formal actions of the Authority concerning and relating to the adoption of this Resolution were adopted in an open meeting, and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the State and the Authority.

7. **Severability.** If any section, paragraph, clause or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

8. **Waiver.** Any provisions of the Authority's bylaws, document standards or prior resolutions inconsistent herewith are waived to the extent only of such inconsistency; this waiver shall not be construed as repealing any such bylaw, document standards or resolution, or any part thereof.

9. **Effective Date.** This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY: REVIEWED BY:

Donna Mark
General Counsel

Date: 7-15-04

Executive Director

Date: 7/16/2004

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, Julie Lee, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on July 22, 2004:

RESOLUTION NO. 5164

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE AND DELIVERY OF UP TO $40,000,000 OF MULTIFAMILY DRAW DOWN BONDS, SERIES 2004A; AUTHORIZING THE LENDING OF THE PROCEEDS OF THE BONDS TO VALENCIA GARDENS HOUSING LIMITED PARTNERSHIP; AND AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, BOND PURCHASE AGREEMENT AND SUCH OTHER DOCUMENTS AS MAY BE NECESSARY FOR THE ISSUANCE OF THE BONDS

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:

Julie Lee
George R. Brown
Sululagi Palega, Sr.
Betty J. Smith
Neola Gans
George Woodruff

AGAINST ADOPTION:

ABSENT (EXCUSED):

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: December 9, 2004.

Julie Lee, President
SFHA Commission

SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco, California • 94102 • (415) 554-1200

DATE: July 16, 2004

TO: **SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS**

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE AND DELIVERY OF UP TO $40,000,000 OF MULTIFAMILY HOUSING REVENUE REFUNDING BONDS (VALENCIA GARDENS), SERIES 2004; AUTHORIZING THE LENDING OF THE PROCEEDS OF THE BONDS TO VALENCIA GARDENS HOUSING LIMITED PARTNERSHIP; AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, LOAN AGREEMENT, TAX REGULATORY AGREEMENT, BOND PURCHASE CONTRACT, OFFICIAL STATEMENT AND SUCH OTHER DOCUMENTS AS MAY BE NECESSARY FOR THE ISSUANCE OF THE BONDS

OBJECTIVES

Adoption of this resolution provides Commission authorization and approval of the issuance and delivery of up to $40,000,000 of Multifamily Housing Revenue Refunding Bonds (the "Permanent Bonds") and authorization to lend the proceeds of the bonds to the Valencia Gardens Housing Limited Partnership. In addition, the Executive Director is authorized to execute and deliver an Indenture, Loan Agreement, Tax Regulatory Agreement, Bond Purchase Contract, Official Statement and any other documents that are necessary for issuance of these bonds. These Permanent Bonds, to be issued prior to closing at the end of September, will be used to refinance the Interim Bonds and provide the construction and permanent financing for the project.

OVERVIEW

The Housing Authority of the City and County of San Francisco (the "Authority") is authorized, under the California Health and Safety Code, to issue revenue bonds and use the proceeds to alleviate the shortage of safe and sanitary housing affordable to low-income households in the City and County of San Francisco. The Authority intends to accomplish this public purpose by providing a portion of the permanent financing for the Valencia Gardens HOPE VI revitalization to Valencia Gardens Housing Limited Partnership through the issuance of $40,000,000 of its revenue bonds (the "Permanent Bonds") on a tax-exempt basis under Federal law.

The Authority must approve the issuance of Permanent Bonds to refinance the Interim Bonds and provide construction and permanent financing as part of the financing of the Valencia Gardens revitalization. These Permanent Bonds will be secured by, among other things, a direct-pay letter of credit to be issued by Citibank, N.A. in an amount sufficient to provide for payment of the principal or purchase price of, and interest on, the Permanent Bonds.

As a result of the lengthy U. S. Department of Housing and Urban Development (HUD) HOPE VI Mixed Finance review and approval process, the Permanent Bonds cannot be issued within the early August 2004 deadline established by the California Debt Limit Allocation Committee (CDLAC) for utilization of the revenue bond volume cap. Through the issuance of tax-exempt bonds on an interim basis as the Interim Bonds, the Authority will be able to utilize the available volume cap and preserve the Authority's ability to issue these Permanent Bonds on a tax-exempt basis under Federal law following HUD approval of the Valencia Gardens evidentiaries, expected by September 30, 2004.

Qualified Bond Counsel and Underwriter were added to the Authority's advisory team to carry out the bond issue: Kutak Rock Bond Counsel and Merrill Lynch Underwriter, along with CSG Advisors, Goldfarb Lipman and Authority staff. Bond Counsel is passing on the validity of the Bonds under state law and the tax-exempt status of the Bonds under federal and state law. Bond Counsel has also drafted the main bond financing documents such as the Trust Indenture, Bond Purchase Agreement and other documents. The Underwriter is structuring the bond issues, assisting with the optimal financing structure, coordinating financing participants, obtaining bond rating and selling the bonds.

With this resolution, the Commission is authorizing the Interim Bond issue and execution documents related to the bond transaction, including the following:

- Indenture – Contract between Authority and Bond Trustee, acting on behalf of the Bond owners, under which the Bonds are issued and secured, and the proceeds of the Bonds are held in escrow pending their disbursement under the Loan Agreement. This document sets forth the terms of the Bonds, the obligations of the Issuer, and the rights of the Bond Trustee for the Bond owners.

- Loan Agreement – Contract between the Authority, the Borrower and the Bond Trustee, under which the proceeds of the Bonds are loaned and disbursed to the Borrower in order to finance the acquisition, construction and equipping of the Project. This agreement sets forth the terms of the loan, the obligations of the Borrower, and the rights of the Issuer/Trustee. The Issuer assigns most of its rights under the Loan Agreement to the Trustee as security for the Bonds under the Indenture.
- Tax Regulatory Agreement – The contract between the Authority, the Borrower and the Bond Trustee, under which the Borrower agrees to acquire, construct, equip and operate the Project in the manner required by Federal and State law to preserve the tax-exempt status of the Bonds. This agreement requires the Project to conform to the Federal and State very low-, low- and moderate-income, as well as the affordable rent, requirements.
- Bond Purchase Contract – agreement by the underwriter to purchase the bonds from the Authority.
- Official Statement – describes the transaction to bond purchasers; gives required disclosures.

PRESENT SITUATION

Demolition is complete and the Rental Term Sheet (Mixed Finance Proposal) has been submitted to HUD. The evidentiary documents are being finalized and the Valencia Gardens closing is on schedule for the end of September. Construction will commence this October.
The HUD approved revitalization plan calls for demolition of the existing structures and construction of 260 new apartments with up to 11,000 square feet of community facilities, childcare center, computer learning center and property management offices. Approximately eighty percent of the newly constructed apartment units will be PHA replacement units with Annual Contributions Contract or Section 8 project-based subsidies and approximately twenty percent will be low-income housing tax credit units for households with incomes at or below sixty percent of the area median income.

All financing commitments are in place for revitalization of Valencia Gardens, including the CDLAC private activity bond allocation for $40,000,000 that was awarded on April 28, 2004. Utilization of these bond funds is providing low interest financing as well as access on a noncompetitive basis to 4 percent tax credits for the $25,945,947 in tax credit equity for Valencia. By acting as issuer of the bonds, the Authority allowed the project to seek the private activity bond allocation that was awarded on April 28, 2004.

ANTICIPATED OUTCOMES

July 22 — Commission Meeting to:

- Authorize Interim Bond Issue
- Authorize Permanent Bond Issue

- Authorize the submission of evidentiaries to HUD and execution following HUD approval

July 30	Submission of evidentiaries to HUD Complete signing of Interim Bond Documents Execution of Construction Contract
August 5	Close Interim Bonds
September 28-29	Close Permanent Bonds
September 30	Close on All Financing
October 29	Commence Construction

WHO BENEFITS

The Valencia Gardens residents, the Authority, the Mission neighborhood and the City all benefit from the successful and expeditious implementation of this plan for safe well-designed housing and amenities at this site.

BUDGET CONSIDERATIONS

The Authority is acting as issuing authority for $40 million in tax-exempt bonds for construction of Valencia Gardens. As issuer, the Authority does not assume any legal or moral obligation to repay these bonds: only the pledged security for the bonds and project cash flows may be used. The Permanent Bonds will be secured by, among other things, a direct-pay letter of credit to be issued by Citibank, N.A. in an amount sufficient to provide for payment of the principal or purchase price of, and interest on, the Permanent Bonds.

Bond Counsel, Underwriter and all other bond related consultant costs are paid out of the bond proceeds once the bonds have been successfully issued. The Authority will not be pledging any of its assets as the issuer of the bonds. The bonds will be special limited obligation bonds that will be repaid from Valencia Gardens project-specific resources.

RESIDENT HIRING

Community building activities, including economic development, self-sufficiency, supportive services, employment training and computer learning center are a core part of the revitalization effort in order to assist current and future low income residents to gain self-sufficiency and

revitalize the neighborhood. Mission Housing Development Corporation (MHDC) and the San Francisco Housing Authority (Authority) are working together to outreach, train and place residents in employment with priority for Valencia Gardens residents. To meet and exceed the Commission's 25 percent resident hiring requirements contained in Resolution 4967, MHDC's Resident Hiring Coordinator under the Resident Hiring Plan is directing the resident hiring.

The initial focus of resident hiring included positions with the development team and the demolition/hazardous material abatement sub-contractor. MHDC's general contractors have employed 19 residents during the environmental remediation and demolition process, a 31 percent resident participation. The contractor plans to hire 30 fulltime residents for construction. The consultants and development team employ two additional residents.

RECOMMENDATION

Staff recommends approval of this resolution.

(Prepared by: Barbara Smith and Jerry Wallack of Kutak Rock)

RESOLUTION NO. 5165
DATE ADOPTED 7/22/04

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE AND DELIVERY OF UP TO $40,000,000 OF MULTIFAMILY HOUSING REVENUE REFUNDING BONDS (VALENCIA GARDENS), SERIES 2004; AUTHORIZING THE LENDING OF THE PROCEEDS OF THE BONDS TO VALENCIA GARDENS HOUSING LIMITED PARTNERSHIP; AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, LOAN AGREEMENT, TAX REGULATORY AGREEMENT, BOND PURCHASE CONTRACT, OFFICIAL STATEMENT AND SUCH OTHER DOCUMENTS AS MAY BE NECESSARY FOR THE ISSUANCE OF THE BONDS

WHEREAS, Housing Authority of the City and County of San Francisco (the "Authority") is authorized by Chapter 1 of Part 2 of Division 24 (commencing with Section 342000) of the California Health and Safety Code, as amended (the "Act"), to issue its revenue bonds and use the proceeds thereof in order to alleviate the shortage of safe and sanitary dwelling accommodations in the City and County of San Francisco available to persons of low income at rentals they can afford; and

WHEREAS, it is the intent of the Authority to accomplish the aforementioned public purpose under the Act by providing a portion of the permanent financing for a "housing project," as defined in the Act, known as "Valencia Gardens" (the "Project"), to Valencia Gardens Housing Limited Partnership, a California limited partnership (the "Borrower"), through the issuance under the Act of $40,000,000 of its revenue refunding bonds (the "Permanent Bonds") on a tax-exempt basis under federal law; and

WHEREAS, as a result of the approval process with the United States Department of Housing and Urban Development ("HUD"), the issuance of the Permanent Bonds could not be accomplished prior to certain timing deadlines established by the California Debt Limit Allocation Committee for the utilization of available volume cap under Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable State law, necessary for the issuance of the Permanent Bonds on a tax-exempt basis under federal law; and

WHEREAS, the Authority, through the issuance, pursuant to Resolution No. ____, adopted this date, of tax-exempt bonds on an interim basis (the "Interim Bonds") will be able to utilize such available volume cap and preserve the Authority's ability to issue the Permanent Bonds on a tax-exempt basis under federal law following the Authority's receipt of the requisite approvals from HUD; and

WHEREAS, it is necessary as part of the financing of the Project that the Authority approve the issuance of Permanent Bonds to refinance the Interim Bonds and provide the construction and permanent financing for the Project; and

WHEREAS, the Permanent Bonds will be secured by, among other things, a direct-pay letter of credit to be issued by Citibank, N.A. in an amount sufficient to provide for payment of the principal or purchase price of, and interest on, the Permanent Bonds; and

WHEREAS, there has been presented to this meeting proposed forms of the following documents (collectively, the "Bond Documents"): (a) the Indenture, dated as of September 1, 2004 (the "Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"); (b) Loan Agreement, dated as of September 1, 2004 (the "Loan Agreement"), between the Authority and the Borrower; (c) the Tax Regulatory Agreement, dated as of September 1, 2004 (the "Tax Regulatory Agreement"), among the Authority, the Borrower and the Trustee; (d) the proposed form of Bond Purchase Contract, to be dated the date of the purchase of the Permanent Bonds (the "Bond Purchase Contract"), among the Authority, the Borrower and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter"); and (e) the form of Official Statement, to be dated the date of the Bond Purchase Contract (the "Official Statement"), for use by the Underwriter in offering the Permanent Bonds for sale;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. **Defined Terms.** In addition to words and terms elsewhere defined in this Resolution, the capitalized words and terms used herein shall have the meaning given in Article I of the Indenture.

2. **Ratification of Actions.** All actions (not inconsistent with the provisions of this Resolution) heretofore taken by or at the direction of the Authority and its members, officers, counsel or financial advisor directed toward the sale and issuance of the Permanent Bonds are hereby approved and ratified, including, but not limited to, the selection of (a) a bond rating agency for the Permanent Bonds, and (b) a commercial bank meeting the requirements of the selected rating agency as Bond trustee.

3. **Bond Sale Authorization; Finding and Declaration.** The Permanent Bonds are hereby authorized to be issued as revenue bonds to be designated as the "Housing Authority of the City and County of San Francisco Multifamily Housing Revenue Refunding Bonds (Valencia Gardens), Series 2004," which shall be issued in an aggregate principal amount of $40,000,000. The Permanent Bonds shall be in substantially the form set forth in the Indenture, and shall mature on the dates and in the amounts, and shall bear interest at the rates, set forth in the Indenture. The Permanent Bonds shall be payable and subject to redemption prior to maturity as provided in the Indenture.

   It is hereby found and declared that the issuance of the Permanent Bonds and the financing of the Project will fulfill the public purposes set forth in the Act as recited in the preambles hereto, and that this Resolution is being adopted pursuant to the powers granted by the Act.

4. **Special Limited Obligations.** The Permanent Bonds shall be payable solely from the Trust Estate under the Indenture. Nothing contained in (a) this Resolution, (b) any of the Bond Documents, or (c) any other agreement, certificate, document or instrument executed in connection with the issuance of the Permanent Bonds shall be construed as obligating the Authority (except as a special limited obligation to the extent provided in

such documents or instruments), or as incurring a charge upon the general credit of the Authority, nor shall the breach of any agreement contemplated by this Resolution, any of the Bond Documents, or any other instrument or document executed in connection therewith impose any charge upon the general credit of the Authority or of the City and County of San Francisco. The Authority has no taxing power.

5. **Conditions.** The Permanent Bonds shall not be issued unless and until the following conditions: (a) HUD shall have approved the issuance of the Permanent Bonds for all purposes of the Hope VI Grant award with respect to the Project to the satisfaction of the Executive Director of the Authority and the Authority's counsel; (b) all other funding sources, described in the Official Statement as part of the plan of finance for the Project, shall be in place to the satisfaction of the Executive Director of the Authority and the Authority's counsel; (c) all agreements, certificates, documents, instruments or consents to be executed by the Authority shall be in form and substance acceptable to the Executive Director of the Authority and the Authority's counsel Authority's counsel; and (d) the Authority shall have received such opinions, certificates, comfort letters and consent letters in connection with the Permanent Bonds as the Executive Director of the Authority and the Authority's counsel deem necessary or appropriate.

6. **Bond Forms.** The form of the Permanent Bonds (including the terms and provisions thereof), in the form contained in the Indenture, is hereby approved, with only such changes therein as are approved by the officers authorized to execute the Permanent Bonds (which approval will be conclusively established by the execution thereof). Upon satisfaction of the conditions set forth in Section 5 hereof, the Authority's President (or Vice President in the absence of the President) and Secretary (or Assistant Secretary in the absence of the Secretary), are each hereby authorized to execute the Permanent Bonds, and each is hereby authorized to deliver them and to impress the seal of the Authority upon them; the signatures of such officers on the Permanent Bonds may be by facsimile, and the impression of the Authority's seal may be by reproduction. The Permanent Bonds shall contain a recital that they are issued pursuant to the Act, such recital being conclusive evidence of the Permanent Bonds validity and of the regularity of their issuance pursuant to the Act.

7. **Indenture.** The form of the Indenture (including the terms and provisions thereof) presented to this meeting is hereby approved, with only such changes therein as are approved by the officer authorized to execute the Indenture (which approval will be conclusively established by the execution thereof). Upon satisfaction of the conditions set forth in Section 5 hereof, the Authority's Executive Director is authorized to execute the Indenture on behalf of the Authority substantially in the form submitted to this Board, but with such final modifications as the officer executing the same deems necessary or desirable to complete the issuance and delivery of the Permanent Bonds. The execution and delivery of the Indenture shall constitute conclusive evidence of the approval of the terms thereof by the officer executing the same and by the Authority.

8. **Loan Agreement.** The form of the Loan Agreement (including the terms and provisions thereof) presented to this meeting is hereby approved, with only such changes therein as are approved by the officer authorized to execute the Loan Agreement (which approval

will be conclusively established by the execution thereof). Upon satisfaction of the conditions set forth in Section 5 hereof, the Authority's Executive Director is authorized to execute the Loan Agreement on behalf of the Authority substantially in the form submitted to this Board, but with such final modifications as the officer executing the same deems necessary or desirable to complete the issuance and delivery of the Permanent Bonds. The execution and delivery of the Loan Agreement shall constitute conclusive evidence of the approval of the terms thereof by the officer executing the same and by the Authority.

9. **Tax Regulatory Agreement.** The form of the Tax Regulatory Agreement (including the terms and provisions thereof) presented to this meeting is hereby approved, with only such changes therein as are approved by the officer authorized to execute the Tax Regulatory Agreement (which approval will be conclusively established by the execution thereof). Upon satisfaction of the conditions set forth in Section 5 hereof, the Authority's Executive Director is authorized to execute the Tax Regulatory Agreement on behalf of the Authority substantially in the form submitted to this Board, but with such final modifications as the officer executing the same deems necessary or desirable to complete the issuance and delivery of the Permanent Bonds. The execution and delivery of the Tax Regulatory Agreement shall constitute conclusive evidence of the approval of the terms thereof by the officer executing the same and by the Authority.

10. **Bond Purchase Contract; Sale of Bonds.** The form of the Bond Purchase Contract (including the terms and provisions thereof) presented to this meeting is hereby approved, with only such changes therein as are approved by the officer authorized to execute the Bond Purchase Contract (which approval will be conclusively established by the execution thereof). Upon satisfaction of the conditions set forth in Section 5 hereof, the Authority's Executive Director is authorized to execute the Bond Purchase Contract on behalf of the Authority substantially in the form submitted to this Board, but with such final modifications as the officer executing the same deems necessary or desirable to complete the issuance and delivery of the Permanent Bonds. The execution and delivery of the Bond Purchase Contract shall constitute conclusive evidence of the approval of the terms thereof by the officer executing the same and by the Authority.

    The sale of the Permanent Bonds, upon the terms and conditions set out in the Bond Purchase Contract, is in all respects authorized and approved. The purchase price to be paid by the Purchaser for the Permanent Bonds shall be 100% of the aggregate principal amount thereof.

11. **Official Statement.** The form of the Official Statement presented to this meeting is hereby approved, with only such changes therein as are approved by the officer authorized to execute the Official Statement (which approval will be conclusively established by the execution thereof). Upon satisfaction of the conditions set forth in Section 5 hereof, the Authority's Executive Director is authorized to execute the Official Statement on behalf of the Authority substantially in the form submitted to this Board, but with such final modifications as the officer executing the same deems necessary or desirable to complete the issuance and delivery of the Permanent Bonds. The execution and delivery of the Official Statement shall constitute conclusive evidence of the

approval of the terms thereof by the officer executing the same and by the Authority. The distribution of the Official Statement by the Underwriter is hereby approved.

12. **Further Actions.** Without in any way limiting the power, authority or discretion elsewhere herein granted or delegated, the Authority hereby authorizes and directs the President, Vice President and Executive Director to perform, or cause to be performed, such obligations of the Authority and such other actions as they, in consultation with bond counsel and/or general counsel, shall consider necessary or desirable in connection with, or in furtherance of, this Resolution and the transactions contemplated by the documents and agreements identified in this Resolution, including, without limitation, the execution and delivery of agreements, documents, instruments and certifications, whether or not identified herein. The execution and delivery by any such officer of the Authority of any such agreement, document, instrument or certification, or the performance of any act in connection with any of the matters which are the subject of this Resolution, shall constitute conclusive evidence of the approval thereof by such officer and the Authority.

13. **Open Meeting Laws.** It is found and determined that all formal actions of the Authority concerning and relating to the adoption of this Resolution were adopted in an open meeting, and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the State and the Authority.

14. **Severability.** If any section, paragraph, clause or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

15. **Waiver.** Any provisions of the Authority's bylaws, document standards or prior resolutions inconsistent herewith are waived to the extent only of such inconsistency; this waiver shall not be construed as repealing any such bylaw, document standards or resolution, or any part thereof.

16. **Headings.** Subject headings included in this Resolution are included for purpose of convenience only and shall not affect the construction or interpretation of any of its provisions.

17. **Effective Date.** This Resolution shall be effective immediately.

APPROVED AS TO FORM AND LEGALITY: REVIEWED BY:

Donna Mart
General Counsel

Date: 7-13-04

Executive Director

Date: 7/16/2004

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, Julie Lee, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on July 22, 2004:

RESOLUTION NO. 5165

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE AND DELIVERY OF UP TO $40,000,000 OF MULTIFAMILY HOUSING REVENUE REFUNDING BONDS (VALENCIA GARDENS), SERIES 2004; AUTHORIZING THE LENDING OF THE PROCEEDS OF THE BONDS TO VALENCIA GARDENS HOUSING LIMITED PARTNERSHIP; AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, LOAN AGREEMENT, TAX REGULATORY AGREEMENT, BOND PURCHASE CONTRACT, OFFICIAL STATEMENT AND SUCH OTHER DOCUMENTS AS MAY BE NECESSARY FOR THE ISSUANCE OF THE BONDS

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:

Julie Lee
George R. Brown
Sululagi Palega, Sr.
Betty J. Smith
Neola Gans
George Woodruff

AGAINST ADOPTION:

ABSENT (EXCUSED):

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: December 9, 2004.

Julie Lee, President
SFHA Commission

E

SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco, California • 94102 • (415) 554-1200

DATE: July 16, 2004

TO: **SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS**

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF VALENCIA GARDENS, INCLUDING A MIXED FINANCE AMENDMENT, DECLARATION OF TRUST AND RESTRICTIVE COVENANTS, GROUND LEASE, REGULATORY AND OPERATING AGREEMENT, HOPE VI LOAN DOCUMENTS, OPTION AGREEMENTS, SUBORDINATION AGREEMENTS, CERTIFICATIONS, AND OTHER DOCUMENTS

OVERVIEW

This resolution authorizes the Executive Director to execute documents and take any actions related to closing the Valencia Gardens HOPE VI revitalization financing including execution of a Mixed Finance Amendment, Declaration of Trust and Restrictive Covenants, Ground lease, Regulatory and Operating Agreement, HOPE VI Loan Documents, Option Agreements, Subordination Agreements, Certifications and other documents.

PROCUREMENT

The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws.

The Authority solicited responses to an RFP on May 28, 1997, requesting interested developers to submit proposals for the demolition and redevelopment of Valencia Gardens. In October 2000, the Commission authorized the Executive Director to negotiate a Developer Partner MOU and Predevelopment Loan Agreement with the highest ranked development team, Mission Housing Development Corporation (MHDC).

As the Authority's developer partner procured under 24 CFR 85.36, MHDC procurements are now under the HUD procurement standards of 24 CFR Part 941, "Public Private Partnerships for the Mixed Finance Development of Public Housing Units". Following these procurement standards, MHDC formed a seven-person panel including one Valencia resident and one Authority staff person, and selected a design team of architects and engineers led by Van Meter Williams Pollack and Nibbi Brothers Construction as General Contractors. In accordance with these requirements, the General Contractor has solicited competitive bids from a minimum of three (3) qualified subcontractors and/or suppliers per trade for the construction.

OBJECTIVES

Approval of this resolution will enable the Executive Director to submit the Valencia Gardens HOPE VI Mixed Finance evidentiary documents to HUD and, upon HUD approval, execute the documents, close, and start construction on the new 260-unit development. These documents include, but are not limited to:

(1) Mixed Finance Amendment to the Annual Contributions Contract allowing ACC payments to be made to the Valencia Gardens Mixed Finance development.

(2) Declaration of Trust and Restrictive Covenants that passes on the HUD restrictions on the use of land to the new public housing units for the duration of the ACC. All private construction and permanent loans are subordinate to the Declaration.

(3) Residential Ground Lease under which the Authority leases the land to the Partnership for a term not to exceed 65 years and through which the Authority will receive a portion of cash flow. The Authority continues to own the land and passes on public housing restrictions through the Regulatory and Operating Agreement.

(4) Regulatory and Operating Agreement which passes through the ACC subsidy to the operator of the public housing units and imposes the public housing restrictions including categories of tenants eligible for units and a provision that all relocated residents in good standing have first right to return to the new housing.

(5) Authority Loan Documents that provide for loan of HOPE VI funds to the Partnership.

(6) Options and Rights of First Refusal that give the Authority the option to purchase the improvements after 15 years or before any other buyer at other times under terms described below in Budget Considerations.

(7) Management Agreement that provides for private management to manage the development.

(8) Management Plan that specifies in detail who is eligible, how the residents will be selected and how the development will be managed.

(9) HOPE VI Rental Term Sheet that summarizes the revitalization, financing and parties involved in the transaction.

(10) Certifications and Memoranda pursuant to HOPE VI Program requirements and legal opinions required by HUD.

(11) Other evidentiaries to which the Authority is not a party including.

PRESENT SITUATION

Demolition is complete and the Rental Term Sheet (Mixed Finance Proposal) has been submitted to HUD. The evidentiary documents are in substantially final form and the Valencia Gardens closing is on schedule for the end of September. Construction will commence this October.
The HUD approved revitalization plan calls for demolition of the existing structures and construction of 260 new apartments with up to 11,000 square feet of community facilities, childcare center, computer learning center and property management offices. Approximately eighty percent of the newly constructed apartment units will be PHA replacement units with Annual Contributions Contract or Section 8 project-based subsidies and approximately twenty percent will be low-income housing tax credit units for households with incomes at or below sixty percent of the area median income.

All financing commitments are in place for revitalization of Valencia Gardens, including the CDLAC private activity bond allocation for $40,000,000 that was awarded on April 28, 2004. Utilization of these bond funds is providing low interest financing as well as access on a noncompetitive basis to 4 percent tax credits for the $25,945,947 in tax credit equity for Valencia.

Construction Financing

$10,800,000	Tax Exempt Construction Loan secured by a Citibank Letter of Credit (converts to permanent 1st and 2nd loans)
$29,200,000	Tax Exempt Construction Only Loan

Permanent Financing

$15,716,275	HOPE VI Loan
$ 5,200,000	Tax Exempt 1st Mortgage Secured by a Citibank Letter of Credit
$ 5,600,000	Tax Exempt 2nd Mortgage Secured by a Citibank Letter of Credit
$ 7,000,000	State Multifamily Housing Program (MHP) Loan
$ 1,000,000	Affordable Housing Program (AHP) Loan
$ 5,000,000	San Francisco Redevelopment Agency Loan
$ 1,000,000	General Partner Equity
$25,945,947	Limited Partner Tax Credit Equity

ANTICIPATED OUTCOMES

July 30	Submission of evidentiaries to HUD Complete signing of Interim Bond Documents Execution of Construction Contract
August 5	Close Interim Bonds
September 28-29	Close Permanent Bonds
September 30	Close on All Financing
October 29	Commence Construction

WHO BENEFITS

The Valencia Gardens residents, the Authority, the Mission neighborhood and the City all benefit from the successful and expeditious implementation of this plan for safe well-designed housing and amenities at this site.

BUDGET CONSIDERATIONS

The Authority receives two primary forms of return in this transaction – buildings and money. These returns are designed to compensate the Authority for its contributions:

- The long-term lease of the Valencia Gardens land.
- Pass-through of its $22,230,641 HOPE VI Revitalization Grant.
- Considerable staff time and resources to structure and execute the revitalization.
- Ongoing oversight and reporting to HUD on the public housing units.

Buildings

The major benefit of the Valencia Gardens HOPE VI revitalization is the replacement of the original 246 dilapidated and obsolete public housing units. The new site will have 260 new public housing, Section 8 Project Based, and other affordable housing units along with community facilities and amenities. The Valencia Gardens relocatees and other Authority residents will be much better served by this new development. Initially, the Authority will not own the improvements. The Authority will have options to purchase all buildings on the site, as early as 12 years from closing. The financing structure of the project is specifically designed to permit reacquisition by the Authority (or its designated nonprofit affiliate), with minimal outlay of its own funds, in the shortest time permissible within regulatory and financing constraints.

Purchase Option

The Authority will have the option to purchase all 260 housing units at the Valencia Gardens site starting 12 years from closing. The purchase price is the lowest amount allowed by the IRS in this type of transaction – the sum of debt on the property plus the exit taxes of the departing limited partner investor. Under current projections, and assuming the Authority exercises its option 15 years from closing, this translates into assuming several million dollars of remaining debt on the property and not paying exit taxes because none are incurred. The assumed debt is projected to be easily supported by the operating income of the property at the time.

By the end of 15 years of operation of the project, it is reasonably anticipated that the Authority or its designated nonprofit affiliate will own the entire property, ground and structures. Should the Authority be unwilling or unable to purchase the buildings, the buildings will eventually revert to Authority ownership at the end of the ground lease in 65 years.

Because the Authority does not initially own the buildings, the Authority does not pay the costs of staffing and running them. Prior to any future repurchase, the John Stewart Company will provide professional property management services within the operating budget. The Authority will receive a portion of cash flow from the property income as a ground lease payment. The Authority will retain an oversight role with regard to the public housing units, and it will be compensated for this work and related HUD reporting through an oversight fee effectively paid by the project. The Authority will contribute no more than up to 95 percent of annual operating subsidy per unit for operation of the ACC public housing units at Valencia Gardens.

Developer Fee

The developer, Mission Housing Development Corporation (MHDC), is managing the predevelopment process, managing construction, serving as Managing General Partner of the partnership, and providing the construction guaranty, lease-up guaranty and tax credit compliance guaranty. The total developer fee to be paid to Mission Housing Development Corporation is $1,559,340.

RESIDENT HIRING

Community building activities, including economic development, self-sufficiency, supportive services, employment training and computer learning center are a core part of the revitalization effort in order to assist current and future low income residents to gain self-sufficiency and revitalize the neighborhood. Mission Housing Development Corporation (MHDC) and the San Francisco Housing Authority (Authority) are working together to outreach, train and place residents in employment with priority for Valencia Gardens residents. To meet and exceed the Commission's 25 percent resident hiring requirements contained in Resolution 4967, MHDC's Resident Hiring Coordinator under the Resident Hiring Plan is directing the resident hiring.

The initial focus of resident hiring included positions with the development team and the demolition/hazardous material abatement sub-contractor. MHDC's general contractors have employed 19 residents during the environmental remediation and demolition process, a 31 percent resident participation. The contractor plans to hire 30 fulltime residents for construction. The consultants and development team employ two additional residents.

RECOMMENDATION

Staff recommends approval of this resolution.

(Prepared by: Barbara Smith)

RESOLUTION NO. 5166

DATE ADOPTED 7/22/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF VALENCIA GARDENS, INCLUDING A MIXED FINANCE AMENDMENT, DECLARATION OF TRUST AND RESTRICTIVE COVENANTS, A GROUND LEASE, REGULATORY AND OPERATING AGREEMENT, HOPE VI LOAN DOCUMENTS, AN OPTION AGREEMENT, SUBORDINATION AGREEMENTS, CERTIFICATIONS, AND OTHER DOCUMENTS

WHEREAS, Resolution 5129, adopted on November 13, 2003, authorized the Housing Authority of the City and County of San Francisco ("SFHA") to enter into a Disposition and Development Agreement dated as of December 11, 2003, with Mission Housing Development Corporation, a California nonprofit public benefit corporation, to revitalize 246 units of public housing units owned by the SFHA commonly known as the "Valencia Gardens Project" located between Valencia and Guerrero Streets and between 14th and 15th Streets in San Francisco, California; and

WHEREAS, revitalization of the Valencia Gardens Project will consist of the demolition of existing improvements and construction of 260 new units of affordable housing, of which 208 units will be reserved for public housing and Section 8 residents, and 11,000 square feet of community facilities, childcare center, computer learning center and property management offices (the "Development"); and

WHEREAS, on October 10, 1997, the U.S. Department of Housing and Urban Development ("HUD") awarded SFHA a grant of HOPE VI funds in the approximate amount of $22,230,641 for the revitalization of the Valencia Gardens Project; and

WHEREAS, following Commission authorization for execution of the HOPE VI grant agreement between the SFHA and HUD, in December 1998 HUD executed the grant agreement; and

WHEREAS, the Development is to be financed with HOPE VI funds, low income housing tax credits, tax-exempt bond proceeds, and other loans; and

WHEREAS, in order to achieve the benefits of tax credit financing, the Development will be owned by a limited partnership known as Valencia Gardens Housing Limited Partnership, a California limited partnership (the "Partnership"); and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to enter into a Ground Lease and Memorandum of Ground Lease with the Partnership, for a term not to exceed 65 years, to lease the real property on which the Development will be constructed; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to enter into a HOPE VI Construction/Permanent Loan Agreement and related documents with the Partnership in order to provide a loan of HOPE VI funds for the Development in an amount not to exceed $15,716,275 (the "HOPE VI Loan"), such related documents to include a Intercreditor Agreement, Regulatory and Operating Agreement, Affordability Reserve Escrow Agreement, subordination agreements to assure the priority of the HOPE VI Loan over a loan from the San Francisco Redevelopment Agency in the amount of $5,000,000 (the "City Loan"), and a loan of Federal Home Loan Affordable Housing Program loan through Citibank F.S.B.("Citibank") in the amount of $1,000,000 (the "AHP Loan"); and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to induce California Department of Housing and Community Development ("HCD") under its Multifamily Housing Program to provide additional financing to the Partnership for the Development in an amount not to exceed $7,000,000 (the "MHP Loan") by entering into a subordination agreement with the Partnership and HCD to subordinate the HOPE VI Loan deed of trust to the MHP Loan deed of trust and regulatory agreement; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to execute certain documents and certifications for the benefit of HUD in connection with the HOPE VI Loan including, a Mixed-Finance Amendment to the Annual Contributions Contract, a Declaration of Trust and Restrictive Covenants, a Certification Re: Permits and Approvals, and HOPE VI Certifications; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to enter into a Purchase Option Agreement and Right of First Refusal and a Memorandum of Purchase Option Agreement and Right of First Refusal with the Partnership to purchase the Development (the "Purchase Option") from the Partnership at the end of the 15 year tax credit compliance period applicable to the Development; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to enter into subordination agreements with the Partnership to subordinate the Purchase Option to the City Loan, the MPH Loan and the HOPE VI Loan; and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to submit the evidentiary documents to HUD for its approval; and

WHEREAS, all documents will be subject to any required HUD approvals, as well as to approval by SFHA general and special legal counsel.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The SFHA shall enter into a Ground Lease and a Memorandum of Ground Lease with the Partnership for a term not to exceed 65 years to lease the real property on which the Development will be constructed.

2. The SFHA shall enter into a HOPE VI Construction/Permanent Loan Agreement, Intercreditor Agreement, Regulatory and Operating Agreement, Affordability Reserve Escrow Agreement, and subordination agreements with HCD, the City, and Citibank to provide HOPE VI funds in an amount not to exceed $15,716,275 to the Partnership for the development and construction of the Development.

3. The SFHA shall execute a Mixed-Finance Amendment to the Annual Contributions Contract, a Declaration of Trust and Restrictive Covenants, a Certification Re: Permits and Approvals and HOPE VI Certifications for the benefit of HUD in connection with the HOPE VI Loan.

4. The SFHA shall enter into a Purchase Option Agreement and Right of First Refusal and a Memorandum of Purchase Option Agreement and Right of First Refusal in connection with the Development.

5. The SFHA shall enter into agreements to subordinate the Purchase Option to the MHP Loan, the City Loan and the HOPE VI Loan.

6. The SFHA approves the evidentiary documents and their submission to HUD.

7. All of the foregoing resolutions shall take effect only upon HUD approval of the actions and documents described above.

8. The Executive Director of the SFHA, or his designee, is authorized to execute, with such modifications as the Executive Director shall deem necessary or required to effect the intent of these resolutions, ground lease, memoranda of ground lease, HOPE VI Construction/Permanent Loan Agreement, Intercreditor Agreement, Regulatory and Operating Agreement, Affordability Reserve Escrow Agreement, subordination agreements, Mixed-Finance Amendment to the Annual Contributions Contract, Declaration of Trust and Restrictive Covenants, Certification Re: Permits and Approvals, HOPE VI Certifications, purchase option agreements and rights of first refusal, memoranda of purchase option agreements and rights of first refusal, and may execute such other documents, and approve and submit the evidentiary documents to HUD, and take such other actions as he deems necessary to effect the transactions described above or contemplated in these resolutions, subject to required HUD approvals and the approval of SFHA legal counsel.

9. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY: **REVIEWED BY:**

Donna Martin, General Counsel

Gregg Fortner, Executive Director

Date: 7-15-04

Date: 7/16/2004

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, Julie Lee, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on July 22, 2004:

RESOLUTION NO. 5166

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF VALENCIA GARDENS, INCLUDING A MIXED FINANCE AMENDMENT, DECLARATION OF TRUST AND RESTRICTIVE COVENANTS, A GROUND LEASE, REGULATORY AND OPERATING AGREEMENT, HOPE VI LOAN DOCUMENTS, AN OPTION AGREEMENT, SUBORDINATION AGREEMENTS, CERTIFICATIONS, AND OTHER DOCUMENTS

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:

Julie Lee
George R. Brown
Sululagi Palega, Sr.
Betty J. Smith
Neola Gans
George Woodruff

AGAINST ADOPTION:

ABSENT (EXCUSED):

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: December 9, 2004.

Julie Lee, President
SFHA Commission

F

SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco, California • 94102 • (415) 554-1200

DATE: July 16, 2004

TO: **SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS**

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: RESOLUTION APPROVING THE ARTICLES OF ORGANIZATION AND OPERATING AGREEMENT FOR THE VALENCIA GARDENS DEVELOPMENT LLC, AUTHORIZING THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO TO SERVE AS THE SOLE MEMBER OF THE VALENCIA GARDENS DEVELOPMENT LLC, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO SERVE AS MANAGER OF THE VALENCIA GARDENS DEVELOPMENT LLC

OVERVIEW

This resolution: (1) authorizes the formation of the Valencia Gardens Development LLC (the "VGLLC"), a limited liability company; and (2) approves the Articles of Organization and Operating Agreement for the VGLLC. As proposed, the Housing Authority of the City and County of San Francisco (the "SHFA") is the sole member and the SFHA Executive Director serves as manager of the VGLLC.

OBJECTIVE

The objective of this resolution is to get Commission authorization for formation of the VGLLC to serve as Special Limited Partner to the Valencia Gardens Housing Limited Partnership, a California Partnership (the "Partnership"). Pursuant to the Disposition and Development Agreement (the "DDA"), authorized by the Commission by Resolution No. 5159 on November 13, 2003, the SFHA, or its affiliate, is permitted a role in the partnership in order to protect its critical interests in the Valencia Gardens development for affordability levels, tenant selection criteria and the applicability of public

housing requirements, among other interests. To comply with the DDA, and to protect the SFHA from potential liability resulting from being a direct partner in the partnership, the SFHA is creating a separate legal entity to serve as the Special Limited Partner of the Partnership and to further these interests without exposing the SFHA to undue risk.

PRESENT SITUATION

The site will be leased by the Authority to the Partnership, comprised of Mission Housing Development Corporation as Managing General Partner, Alliant Credit Facility, Ltd as Tax Credit Investor Limited Partner, Alliant Credit Facility ALP, LLC as Administrative Limited Partner to step in if the Managing General Partner is removed for cause, and the VGLLC as Special Limited Partner for the SFHA. The term of the lease is 65 years with an Option and Right of First Refusal for the SFHA or SFHA Affiliate to acquire the improvements after the 15 year Tax Credit Compliance Period.

The VGLLC will be a separate legal entity that will be owned and controlled by the SFHA and serve as the Special Limited Partner of the Partnership. Having the VGLLC serve as Special Limited Partner in the Partnership will ensure that the Partnership cannot: (1) modify or amend, without the SFHA's consent, tenant selection criteria, affordability levels, and local hiring procedures; (2) transfer, convey, or otherwise dispose of the Development; (3) modify, prepay, or refinance any mortgage loan; (4) incur any indebtedness; or (5) take any action whatsoever affecting the application of public housing requirements to the public housing units. These controls are consistent with all of the requirements imposed on the Development through the Ground Lease, Declaration of Trust and Restrictive Covenants, Regulatory and Operating Agreement, Authority Loan Documents, Management Agreement, Management Plan and other evidentiary documents.

The Managing General Partner plays an active role in the management and operation of the limited partnership and the partnership's activities, which, in the case of Valencia Gardens, are the development, construction and operation of the Development. Along with the control that the Managing General Partner has, comes the obligation to be personally liable for the activities of the partnership. Any claimant would first have to go after Partnership assets, i.e. the Valencia Gardens Development, but could then attempt to hold the Managing General Partner liable.

As Special Limited Partner, the SFHA's exposure to liability is limited. By creating the VGLLC, the exposure is further limited. The advantages of forming the VGLLC are:

- Protects the SFHA from potential liability as a partner of the owner; thus, the SFHA would only be liable for the VGLLC's liabilities if:
    1. The SFHA affirmatively assumed the VGLLC's liabilities or guaranteed its obligations.
    2. The SFHA, as the VGLLC's sole member, committed a tort against a third party.
    3. The VGLLC makes a distribution in violation of California law and the SFHA, as the sole member, is obligated to return those assets.
    4. The VGLLC's corporate veil is pierced, i.e. the VGLLC fails to maintain its separate corporate formality.

- Avoids the risk of losing 501(c) (3) tax-exempt status for affiliate corporations formed for other HOPE VI partnerships.
- Allows flexible ownership structure and operating agreement.
- Allows the member to act as a board of directors in setting policy for the VGLLC and to designate a manager to handle the affairs of the VGLLC.

The disadvantages of forming the VGLLC are:

- Requires filing of formation documents with the state.
- Requires payment of an annual franchise tax to the state of $800.
- As a relatively new type of entity available across the country, some are unfamiliar with its characteristics.

ANTICIPATED OUTCOMES

The Articles of Organization for the VGLLC will be filed with the Secretary of State's Office to register the LLC and the VGLLC will enter the Partnership as the Special Limited Partner.

WHO BENEFITS

The Valencia Gardens residents, the Authority, the Mission neighborhood and the City all benefit from the successful and expeditious implementation of this plan for safe well-designed housing and amenities at this site.

BUDGET CONSIDERATIONS

The cost of filing the Articles of Organization with the Secretary of State is $70 to be paid out of the Valencia Gardens HOPE VI grant, fees and costs line item. In addition, an annual tax in the amount of $800 must be paid to the state out of annual ground lease payments to the SFHA or other SFHA funds. The primary budgetary advantage of forming the VGLLC is that the SFHA would not be a partner of the owner of Valencia Gardens and would, therefore, be protected from potential liability as a partner of the owner.

RECOMMENDATION

Staff recommends approval of this resolution.

(Prepared by: Barbara Smith)

RESOLUTION NO. 5167

DATE ADOPTED 7/22/04

RESOLUTION APPROVING THE ARTICLES OF ORGANIZATION AND OPERATING AGREEMENT FOR THE VALENCIA GARDENS DEVELOPMENT LLC, AUTHORIZING THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO TO SERVE AS THE SOLE MEMBER OF THE VALENCIA GARDENS DEVELOPMENT LLC, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO SERVE AS MANAGER OF THE VALENCIA GARDENS DEVELOPMENT LLC

WHEREAS, Resolution 5129, adopted on November 13, 2003, authorized the Housing Authority of the City and County of San Francisco ("SFHA") to enter into a Disposition and Development Agreement dated as of December 11, 2003, with Mission Housing Development Corporation, a California nonprofit public benefit corporation, to revitalize 246 units of public housing units owned by the SFHA commonly known as "Valencia Gardens" located between Valencia and Guerrero Streets and between 14th and 15th Streets in San Francisco, California; and

WHEREAS, revitalization of the Valencia Gardens project will consist of the demolition of existing improvements and construction of 260 new units of affordable housing, of which 208 units will be reserved for public housing and Section 8 residents, and 11,000 square feet of community facilities, childcare center, computer learning center and property management offices (the "Development"); and

WHEREAS, the Development is to be financed with HOPE VI funds, low income housing tax credits, tax-exempt bond proceeds, and other loans; and

WHEREAS, in order to achieve the benefits of tax credit financing, the Development will be owned by a limited partnership known as Valencia Gardens Housing Limited Partnership, a California limited partnership (the "Partnership"); and

WHEREAS, the Commission deems it to be in the best interest of the SFHA to serve as a Special Limited Partner in the Partnership to ensure that the Partnership cannot modify or amend, without SFHA's consent, tenant selection criteria, affordability levels, and local hiring procedures; to transfer, convey, or otherwise dispose of the Development; to modify, prepay, or refinance any mortgage loan; to incur any indebtedness; or to take any action whatsoever affecting the application of public housing requirements to the public housing units; and

WHEREAS, to serve as the Special Limited Partner, SFHA has determined that it is in the best interest of SFHA to form a separate legal entity which would be owned and controlled by the SFHA to serve as the Special Limited Partner of the Partnership.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The SFHA approves the Articles of Organization and Operating Agreement for the Valencia Gardens Development LLC, a California limited liability company, attached hereto as Exhibit A.

2. The SFHA authorizes the SFHA to serve as Sole Member of the Valencia Gardens Development LLC.

3. The SFHA authorizes the Executive Director to act as Manager of the Valencia Gardens Development LLC.

4. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY: REVIEWED BY:

Donna Martin, General Counsel

Gregg Fortner, Executive Director

Date: 7-15-04

Date: 7/16/2004

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, Julie Lee, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on July 22, 2004:

RESOLUTION NO. 5167

RESOLUTION APPROVING THE ARTICLES OF ORGANIZATION AND OPERATING AGREEMENT FOR THE VALENCIA GARDENS DEVELOPMENT LLC, AUTHORIZING THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO TO SERVE AS THE SOLE MEMBER OF THE VALENCIA GARDENS DEVELOPMENT LLC, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO SERVE AS MANAGER OF THE VALENCIA GARDENS DEVELOPMENT LLC

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:

Julie Lee
George R. Brown
Sululagi Palega, Sr.
Betty J. Smith
Neola Gans
George Woodruff

AGAINST ADOPTION:

ABSENT (EXCUSED):

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: December 9, 2004.

Julie Lee, President
SFHA Commission

OPERATING AGREEMENT

FOR

VALENCIA GARDENS DEVELOPMENT LLC

TABLE OF CONTENTS

Page

ARTICLE 1. DEFINITIONS 1

Section 1.1 Definitions 1
Section 1.2 Exhibits 2

ARTICLE 2. ARTICLES OF ORGANIZATION 2

Section 2.1 Filing of Articles of Organization 2
Section 2.2 Name 2
Section 2.3. Sole Member 2
Section 2.4. Restrictions on Transfer of Membership Interest 2
Section 2.5 Principal Office 2
Section 2.6 Agent for Service of Process 2
Section 2.7 Business Purposes 2
Section 2.8 Term of Company's Existence 3
Section 2.9 Address of the Member 3
Section 2.10 Name and Address of Manager 3

ARTICLE 3. CAPITALIZATION 3

Section 3.1 Capital Contributions 3
Section 3.2 Distributions 3
Section 3.3 Interest 3
Section 3.4 Limited Liability 3

ARTICLE 4. MANAGEMENT 3

Section 4.1 Manager 3
Section 4.2 Appointment and Removal of Managers 4
Section 4.3 Title to Assets 4
Section 4.4 Banking 4
Section 4.5 Execution of Documents 4
Section 4.6 Time Devoted to Company 4

ARTICLE 5. ACCOUNTS AND RECORDS 5

Section 5.1 Fiscal Year 5
Section 5.2 Complete Books 5
Section 5.3 Accounting 5
Section 5.4 Records 5

ARTICLE 6. DISSOLUTION AND WINDING UP 6

Section 6.1 Events of Dissolution 6
Section 6.2 Winding Up 6

TABLE OF CONTENTS
(continued)

Page

ARTICLE 7. INDEMNIFICATION 6

Section 7.1 Indemnification 6

ARTICLE 8. GENERAL PROVISIONS 7

Section 8.1 Entire Agreement; Amendment 7
Section 8.2 Governing Law; Severability 7
Section 8.3 Number and Gender 7
Section 8.4 Titles and Headings 8
Section 8.5 Time of the Essence 8
Section 8.6 No Third Party Beneficiary 8
Section 8.7 Modifications 8
Section 8.8 Intent of Member 8

EXHIBIT A COPY OF FILED ARTICLES OF ORGANIZATION

EXHIBIT B CAPITAL CONTRIBUTION OF EACH MEMBER

OPERATING AGREEMENT FOR VALENCIA GARDENS DEVELOPMENT LLC

This Operating Agreement (the "Agreement") is entered into as of _____ _____, 2004, by the HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, corporate and politic (the "Member").

A. The Member desires to form a limited liability company (the "Company") under the Beverly-Killea Limited Liability Company Act.

B. The Member desires to execute this Operating Agreement in order to form and provide for the governance of the Company and the conduct of its business.

NOW, THEREFORE, the Member hereby declares the following to be the Operating Agreement of the Company:

ARTICLE 1.
DEFINITIONS

Section 1.1 Definitions. The following capitalized terms used in this Agreement have the meanings specified in this Article or elsewhere in this Agreement, and when not so defined shall have the meanings set forth in California Corporations Code Section 17001.

(a) "Act" means the Beverly-Killea Limited Liability Company Act (California Corporations Code Sections 17000 et seq.), as amended from time to time.

(b) "Agreement" means this Operating Agreement, as originally executed and as amended from time to time.

(c) "Articles of Organization" is defined in California Corporations Code Section 17001(b) as applied to this Company.

(d) "Capital Contribution" means, with respect to the Member, the amount of the money and the fair market value of any property (other than money) contributed to the Company. A Capital Contribution shall not be deemed a loan.

(e) "Capital Event" means a sale or disposition of any of the Company's capital assets, the receipt of insurance and other proceeds derived from the involuntary conversion of Company property, the receipt of proceeds from a refinancing of Company property, or a similar event with respect to Company property or assets.

(f) "Company" means the company named in Section 2.2.

(g) "Member" means a Person who has a Membership Interest, as permitted in this Agreement.

(h) "Membership Interest" means a Member's rights in the Company, collectively, including the Member's rights to any and all of benefits to which a Member may be entitled as provided in this Agreement and under the Act, together with the obligations of the Member to comply with all the terms and provisions of this Agreement.

(i) "Person" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign.

Section 1.2 Exhibits. This Agreement includes Exhibit A (a copy of the Company's Articles of Organization) and Exhibit B (a list of capital contributions).

ARTICLE 2.
ARTICLES OF ORGANIZATION

Section 2.1 Filing of Articles of Organization. The Member will cause the Articles of Organization, in the form attached to this Agreement as Exhibit A, to be filed with the California Secretary of State.

Section 2.2 Name. The name of the Company shall be Valencia Gardens Development, LLC.

Section 2.3. Sole Member. The Housing Authority of the City and County of San Francisco, a public body, corporate and politic, shall be the sole Member of the Company.

Section 2.4. Restrictions on Transfer of Membership Interest. The Member shall not transfer any part of the Member's Membership Interest in the Company.

Section 2.5 Principal Office. The principal executive office of the Company shall be 440 Turk Street, San Francisco, CA. 94102, or such other place or places as may be determined by the Member from time to time.

Section 2.6 Agent for Service of Process. The initial agent for service of process on the Company shall be Donna Martin, General Counsel, Housing Authority of the City and County of San Francisco, 440 Turk Street, San Francisco, CA 94102. The Member may from time to time change the Company's agent for service of process.

Section 2.7 Business Purposes. The Company will be formed for the purposes of participating as a special limited partner in the Valencia Gardens Housing Limited Partnership (the "Partnership"), which owns the Valencia Gardens affordable housing project, located between 14th, 15th, Guerrero, and Valencia Streets.

Section 2.8 Term of Company's Existence. The term of existence of the Company shall commence on the effective date of filing of Articles of Organization with the California Secretary of State, and shall continue until December 31, 2070, unless sooner terminated by the provisions of this Agreement or as provided by law.

Section 2.9 Address of the Member. The name and address of the Member is Housing Authority of the City and County of San Francisco, a public body, corporate and politic, 440 Turk Street, San Francisco, CA 94102.

Section 2.10 Name and Address of Manager. The name and address of the Manager of the Company is: Gregg Fortner, Executive Director, Housing Authority of the City and County of San Francisco, 440 Turk Street, San Francisco, CA 94102. The Manager may change from time to time as described in Section 4.4.

ARTICLE 3.
CAPITALIZATION

Section 3.1 Capital Contributions. The Member shall contribute to the capital of the Company as the Member's Capital Contribution the money and property specified in Exhibit B to this Agreement.

Section 3.2 Distributions. The Member shall not be entitled to withdraw any part of the Member's Capital Contribution or to receive any distributions, whether of money or property from the Company, except as provided in this Agreement. All cash resulting from the normal business operations of the Company and from a Capital Event or noncash proceeds from the sale or disposition of an item of Company property shall be distributed to the Member at such times as the Member deems appropriate.

Section 3.3 Interest. No interest shall be paid on funds or property contributed to the capital of the Company.

Section 3.4 Limited Liability. The Member shall not be bound by, or be personally liable for, the expenses, liabilities, or obligations of the Company, except as otherwise provided in the Act or in this Agreement.

ARTICLE 4.
MANAGEMENT

Section 4.1 Manager. The business of the Company shall be managed by the Manager named in Section 2.10 or successor Manager selected in the manner provided in Section 4.2. Except as otherwise set forth in this Agreement, all decisions concerning the management of the Company's business shall be made by the Manager.

Section 4.2 Appointment and Removal of Managers. The Manager named in Section 2.10 shall serve until the earlier of (a) the Manager's resignation, retirement, death or disability; or (b) the Manager's removal by the Member. The Manager may be removed with or without cause at any time by the Member. Each successor Manager shall be appointed by the Member.

Section 4.3 Title to Assets. All assets of the Company, whether real or personal, shall be held in the name of the Company.

Section 4.4 Banking. All funds of the Company shall be deposited in one or more accounts with one or more recognized financial institutions in the name of the Company, at such locations as shall be determined by the Manager.

Section 4.5 Execution of Documents. Any contract, agreement or other document to be entered into by the Company shall be executed by the Manager or the Member.

Section 4.6 Time Devoted to Company. The Manager shall not take any of the following actions on behalf of the Company unless the Member has consented to the taking of such action:

(a) A decision to continue the business of the Company after an event described in Article 6;

(b) Any amendment to the Articles of Organization;

(c) Any act that would make it impossible to carry out the ordinary business of the Company;

(d) Any confession of a judgment against the Company;

(e) The dissolution of the Company;

(f) The disposition of all or a substantial part of the Company's assets not in the ordinary course of business;

(g) The incurring of any debt not in the ordinary course of business;

(h) A change in the nature of the principal business of the Company;

(i) The incurring of any contractual obligation or the making of any capital expenditure;

(j) The filing of a petition in bankruptcy or the entering into of an arrangement among creditors; and

(k) The entering into, on behalf of the Company, of any transaction constituting a "reorganization" within the meaning of California Corporations Code Section 17000.

ARTICLE 5.
ACCOUNTS AND RECORDS

Section 5.1 Fiscal Year. The fiscal year of the Company shall be July 1 through June 30.

Section 5.2 Complete Books. Complete books of account of the Company's business, in which each Company transaction shall be fully and accurately entered, shall be kept at the Company's principal executive office and shall be open to inspection and copying by the Member or the Member's authorized representatives on reasonable notice during normal business hours. The costs of such inspection and copying shall be borne by the Member.

Section 5.3 Accounting. Financial books and records of the Company shall be kept on the cash method of accounting, which shall be the method of accounting followed by the Company for federal income tax purposes. In the event of a Capital Event, a balance sheet and income statement of the Company shall be prepared promptly following the close of the fiscal year following such Capital Event in a manner appropriate to and adequate for the Company's business and for carrying out the provisions of this Agreement.

Section 5.4 Records. At all times during the term of existence of the Company, and beyond that term if the Member deems it necessary, the Member shall keep, or cause to be kept, the books of account referred to in Section 5.2, and the following:

(a) A copy of the Articles of Organization, as amended;

(b) Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the five most recent taxable years;

(c) Executed copies of this Agreement, as amended;

(d) Financial statements of the Company for the five most recent fiscal years; and

(e) The books and records of the Company as they relate to the Company's internal affairs for the current and past five fiscal years.

ARTICLE 6.
DISSOLUTION AND WINDING UP

Section 6.1 Events of Dissolution. The Company shall be dissolved on the first to occur of the following events:

(a) The bankruptcy or corporate dissolution of the Member.

(b) The expiration of the term of existence of the Company under Section 2.8.

(c) The written agreement of the Member to dissolve the Company.

(d) The sale or other disposition of substantially all of the Company assets.

(e) Entry of a decree of judicial dissolution pursuant to California Corporations Code Section 17351.

(f) Termination of the Partnership.

Section 6.2 Winding Up. On the dissolution of the Company, the Company shall engage in no further business other than that necessary to wind up the business and affairs of the Company. The Member shall wind up the affairs of the Company. The Member shall give written notice of the commencement of winding up by mail to all known creditors and claimants against the Company whose addresses appear in the records of the Company. After paying or adequately providing for the payment of all known debts of the Company (except debts owing to the Member), the remaining assets of the Company shall be distributed or applied in the following order of priority:

(a) To pay the expenses of liquidation.

(b) To repay outstanding loans to the Member.

ARTICLE 7.
INDEMNIFICATION

Section 7.1 Indemnification. The Company shall have the power to indemnify any Person who was or is a party, or who is threatened to be made a party, to any Proceeding by reason of the fact that such Person was or is a Member, officer, employee, or other agent (collectively, "Agent") of the Company, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by such Agent in connection with such proceeding, if such Agent acted in good faith and in a manner that such Agent reasonably believed to be in the best interests of the Company, and, in the case of a criminal proceeding, such Agent had no reasonable cause to believe that the Agent's conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo

contendere or its equivalent, shall not, of itself, create a presumption that the Agent did not act in good faith and in a manner that such Agent reasonably believed to be in the best interests of the Company, or that the Agent had reasonable cause to believe that the Agent's conduct was unlawful.

To the extent that an Agent of the Company has been successful on the merits in defense of any Proceeding, or in defense of any claim, issue, or matter in any such Proceeding, the Agent shall be indemnified against expenses actually and reasonably incurred in connection with the Proceeding.

"Proceeding," as used in this Section 7.1, means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative.

Expenses of each Agent indemnified under this Agreement actually and reasonably incurred in connection with the defense or settlement of a proceeding may be paid by the Company in advance of the final disposition of such proceeding upon receipt of an undertaking by such Agent to repay such amount unless it shall ultimately be determined that such Agent is entitled to be indemnified by the Company. "Expenses," as used in this Section 7.1, includes, without limitation, attorneys' fees and expenses incurred in establishing a right to indemnification, if any, under this Section 7.1.

ARTICLE 8.
GENERAL PROVISIONS

Section 8.1 Entire Agreement; Amendment. This Agreement constitutes the whole and entire agreement of the parties with respect to the subject matter of this Agreement, and it shall not be modified or amended in any respect except by a written instrument executed by the Member. This Agreement replaces and supersedes all prior written and oral operating agreements with respect to the Company.

Section 8.2 Governing Law; Severability. This Agreement shall be construed and enforced in accordance with the internal laws of the State of California. If any provision of this Agreement is determined by any court of competent jurisdiction or arbitrator to be invalid, illegal, or unenforceable to any extent, that provision shall, if possible, be construed as though more narrowly drawn, if a narrower construction would avoid such invalidity, illegality, or unenforceability or, if that is not possible, such provision shall, to the extent of such invalidity, illegality, or unenforceability, be severed, and the remaining provisions of this Agreement shall remain in effect.

Section 8.3 Number and Gender. Whenever used in this Agreement, the singular shall include the plural, the plural shall include the singular, and the neuter gender shall include the male and female as well as a trust, firm, company, or corporation, all as the context and meaning of this Agreement may require.

Section 8.4 Titles and Headings. The article, section, and subsection titles and headings contained in this Agreement are inserted as matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions.

Section 8.5 Time of the Essence. Time is of the essence of every provision of this Agreement that specifies a time for performance.

Section 8.6 No Third Party Beneficiary. This Agreement is made solely for the benefit of the parties to this Agreement and their respective permitted successors and assigns, and no other person or entity shall have or acquire any right by virtue of this Agreement.

Section 8.7 Modifications. This Agreement may be altered, amended, or repealed only by action of the Member.

Section 8.8 Intent of Member. The Member intends the Company to be a limited liability company under the Act.

IN WITNESS WHEREOF, the Member has executed or caused to be executed this Agreement on the day and year first above written.

Housing Authority of the City and County of San Francisco, a body corporate and politic

By: _____

Its: _____

EXHIBIT A

Articles of Organization

EXHIBIT B

Capital Contribution Of Each Member

Housing Authority of the City and County of San Francisco $100

F.2

State of California
Kevin Shelley
Secretary of State

File # _____

LIMITED LIABILITY COMPANY
ARTICLES OF ORGANIZATION

NOTE: A limited liability company is not permitted to render professional services.

A $70.00 filing fee must accompany this form.

IMPORTANT – Read instructions before completing this form.

This Space For Filing Use Only

1. **NAME OF THE LIMITED LIABILITY COMPANY** (END THE NAME WITH THE WORDS "LIMITED LIABILITY COMPANY," "LTD. LIABILITY CO.," OR THE ABBREVIATIONS "LLC" OR "L.L.C.")

   Valencia Gardens Development LLC

2. **THE PURPOSE OF THE LIMITED LIABILITY COMPANY IS TO ENGAGE IN ANY LAWFUL ACT OR ACTIVITY FOR WHICH A LIMITED LIABILITY COMPANY MAY BE ORGANIZED UNDER THE BEVERLY-KILLEA LIMITED LIABILITY COMPANY ACT.**

INITIAL AGENT FOR SERVICE OF PROCESS - If the agent is an individual, the agent must reside in California and both Items 3 and 4 must be completed. If the agent is a corporation, the agent must have on file with the California Secretary of State a certificate pursuant to Corporations Code section 1505 and Item 3 must be completed (leave Item 4 blank).

3. **NAME OF THE INITIAL AGENT FOR SERVICE OF PROCESS** Donna Martin, General Counsel

4. **IF AN INDIVIDUAL, THE ADDRESS OF THE INITIAL AGENT FOR SERVICE OF PROCESS IN CALIFORNIA**

   ADDRESS Housing Authority of the City and County of San Francisco, 440 Turk Street

   CITY San Francisco STATE CA ZIP CODE 94102

5. **THE LIMITED LIABILITY COMPANY WILL BE MANAGED BY: (CHECK ONLY ONE)**

   - [x] ONE MANAGER
   - [ ] MORE THAN ONE MANAGER
   - [ ] ALL LIMITED LIABILITY COMPANY MEMBER(S)

6. **ADDITIONAL INFORMATION SET FORTH ON THE ATTACHED PAGES, IF ANY, IS INCORPORATED HEREIN BY THIS REFERENCE AND MADE A PART OF THIS CERTIFICATE.**

7. **TYPE OF BUSINESS OF THE LIMITED LIABILITY COMPANY (FOR INFORMATIONAL PURPOSES ONLY)**

   Serve as special limited partner of limited partnership; ensure low-income housing requirements are satisfied.

8. **I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.**

   _____ _____

   SIGNATURE OF ORGANIZER DATE

   Robert C. Mills

   TYPE OR PRINT NAME OF ORGANIZER

9. **RETURN TO:**

   NAME Robert C. Mills
   FIRM Goldfarb & Lipman
   ADDRESS 1300 Clay Street
   CITY/STATE Ninth Floor
   ZIP CODE Oakland, CA 94612

LLC-1 (REV 06/2004) APPROVED BY SECRETARY OF STATE

INSTRUCTIONS FOR COMPLETING THE ARTICLES OF ORGANIZATION (Form LLC-1)

For easier completion, this form is available on the Secretary of State's website at http://www.ss.ca.gov/business and can be viewed, filled in and printed from your computer. The completed form along with the applicable fees can be mailed to Secretary of State, Document Filing Support Unit, P O Box 944228, Sacramento, CA 94244-2280 or delivered in person to the Sacramento office, 1500 11th Street, 3rd Floor, Sacramento, CA 95814. If you are not completing this form online, please type or legibly print in black or blue ink.

Statutory filing requirements can be found in California Corporations Code section **17051** and **17052**. All statutory references are to the California Corporations Code, unless otherwise stated.

Pursuant to Section **17375**, a business that is required to be licensed, registered, or certified under the Business and Professions Code is not permitted to be a California or foreign qualified limited liability company.

FEES: The fee for filing the Articles of Organization is $70.00. A $15.00 special handling fee is applicable for processing documents delivered in person to the Sacramento office. The $15.00 special handling fee must be remitted by separate check for each submittal and will be retained whether the documents are filed or rejected. The special handling fee does not apply to documents submitted by mail. Check(s) should be made payable to the Secretary of State.

Filing this document shall obligate most limited liability companies to pay an annual minimum tax of $800 to the Franchise Tax Board pursuant to Revenue and Taxation Code section **17941**.

Complete the Articles of Organization (Form LLC-1) as follows:

Item 1. Enter the name of the limited liability company. The name must contain the words "Limited Liability Company," "Ltd. Liability Co.," or the abbreviations "LLC" or "L.L.C." The name of the limited liability company may not contain the words "bank," "trust," "trustee," incorporated," "inc.," "corporation," or "corp.," and must not contain the words "insurer" or "insurance company" or any other words suggesting that it is in the business of issuing policies of insurance and assuming insurance risks.

Item 2. This statement is required by statute and must not be altered. Provisions limiting or restricting the business of the limited liability company may be included as an attachment.

Item 3. Enter the name of the agent for service of process in California. The person named as agent must be a resident of California or a corporation that has filed a certificate pursuant to Corporations Code section **1505**. If an individual is designated as agent, both Items 3 and 4 must be completed. If a corporation is designated, complete Item 3 and proceed to Item 5 (do not complete Item 4). An Agent for Service of Process is an "individual" or corporation designated by a limited liability company to accept service of process if the limited liability company is sued.

Item 4. If an individual is designated as the initial agent for service of process, enter the agent's address in California. Do not enter "in care of" (c/o) or abbreviate the name of the city. DO NOT enter an address if a corporation is designated as the agent for service of process.

Item 5. Check the appropriate provision indicating whether the limited liability company is to be managed by one manager, more than one manager or all limited liability company members.

Item 6. If additional information is to be included in the Articles of Organization, attach additional pages, as necessary. Additional information may include the latest date on which the limited liability company is to dissolve.

Item 7. Briefly describe the type of business that constitutes the principal business activity of the limited liability company. A limited liability company is not permitted to render professional services pursuant to Section **17375**. **Professional services** are defined as: "Any type of professional services that may be lawfully rendered only pursuant to a license, certification, or registration authorized by the Business and Professions Code, the Chiropractic Act, the Osteopathic Act or the Yacht and Ship Brokers Act." (Sections **13401** and **13401.3**.)

Item 8. The Articles of Organization must be signed by the organizer. The person signing the Articles of Organization need not be a member or manager of the limited liability company.

If the Articles of Organization are signed by an attorney-in-fact, the signature should be followed by the words "Attorney-in-fact for (name of person)."

If the Articles of Organization are signed by an entity, the person who signs on behalf of the entity should note their name and position/title and the entity name. Example: If a limited liability company ("Smith LLC") is the organizer, the signature of the person signing on behalf of the Smith LLC should be reflected as Joe Smith, Manager of Smith LLC, Organizer.

If the Articles of Organization are signed by a trust, the trustee should sign as follows: _____, trustee for _____ trust (including the date of the trust, if applicable). Example: Mary Todd, trustee of the Lincoln Family Trust (U/T 5-1-94).

Item 9. Enter the name and the address of the person or firm to whom a copy of the filing should be returned.

ATTENTION: LIMITED LIABILITY COMPANY FILERS

Pursuant to California Revenue and Taxation Code section 17941, every Limited Liability Company (LLC) that is doing business in California or that has Articles of Organization accepted or a Certificate of Registration issued by the Secretary of State's office (pursuant to California Corporations Code section 17050 or 17451) AND is not taxed as a corporation, is subject to the annual LLC minimum tax of $800 (as well as the appropriate fee pursuant to Revenue and Taxation Code section 17942). The tax is paid to the California FRANCHISE TAX BOARD; is due for the taxable year of organization/registration and must be paid for each taxable year, or part there of, until a Certificate of Cancellation of Registration or Certificate of Cancellation of Articles of Organization (pursuant to Corporations Code section 17356 or 17455) is filed with the Secretary of State's office. For further information regarding the payment of this tax, please contact the FRANCHISE TAX BOARD at:

From within the United States (toll free) ..... (800) 852-5711
From outside the United States (not toll free) ..... (916) 845-6500
Automated Toll Free Phone Service ..... (800) 338-0505

California Secretary of State
Business Programs Division
Business Filings Section
(916) 657-5448

G

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

DATE: July 22, 2004

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH WESTERN ROOFING SERVICE FOR THE SECOND FLOOR ROOF REPLACEMENT WORK AT CAL 1-41, 430/440 TURK STREET, IN AN AMOUNT NOT TO EXCEED $519,296**

OVERVIEW

This Resolution authorizes the Executive Director to enter into a contract with Western Roofing Service for the second floor Roof Replacement work at CAL 1-41, 430/440 Turk Street, an office building and senior housing development. The 430/440 Turk Street property was built in 1984. The building contains seven-stories of housing with 89 senior and disabled dwelling units over two-stories of office space.

The existing Roofing System is twenty years old and beyond repair. There was extensive system failure during the last rainy season when 14 substantial water infiltrations were observed in the second floor offices. Roofing replacement is urgently needed prior to the next rainy season to ensure a reasonable work environment in the San Francisco Housing Authority (the "Authority") offices.

PROCUREMENT

The Authority issued Solicitation No. 04-620-IFB-015 on May 24, 2004, following review and approval of the solicitation by the Finance and Procurement Departments. The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public

Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual, and the State of California, and local laws.

The Housing Development & Modernization Department (HD&M) developed the Invitation for Bid Documents, Plans & Specifications based on master procurement documents furnished by the Authority's Procurement & Contracts Department. The Construction Documents (drawings and technical specifications) were furnished by the Authority's Architectural Consultant, The KPA Group. The documents were reviewed and approved by the Procurement & Contracts Department (P&C) prior to the start of the bid process.

The Authority advertised for bidders and outreached to potential bidders as follows:

Past Bidders List, Contractors Blue Book & Yellow Pages: The Authority e-mailed, faxed, or mailed its Invitation for Bid advertisement to sixty-one (61) individual contractors from the Authority's Past Bidders List, the Contractors Blue Book, and Telephone Directory Yellow Pages.

HRC: The Authority e-mailed, faxed, or mailed its Invitation for Bid advertisement to fifteen (15) MBE/WBE contractor listed by the San Francisco Human Rights Commission.

Labor Unions: The Authority mailed its Invitation for Bid Documents, Plans & Specifications to the San Francisco Buildings Trade Council; Roofers and Waterproofers Union Local 40; Plumbers Union, Local 38 and Local Union 6 International Brotherhood of Electrical Workers. A representative of the Union Local 40 was present at the first bid walk.

Newspapers: The Authority publicly advertised its Invitation for Bid advertisement in the following newspapers:

- Daily Pacific Builder, (trade publication)
- San Francisco Bay View, (African American community)
- Sing Tao Daily, (Asian American Community)

Additional Newspapers: The Authority e-mailed its Invitation for Bid advertisement to the San Francisco Board of Supervisors office who placed the advertisement in the following community newspapers:

- El Latino (Hispanic American community),
- El Reportero (Hispanic American community),
- Asian Week (Chinese American community),
- Chinese Times (Chinese American community),
- San Francisco Bay Times (Lesbian/Gay/Bi-sexual/Transgender community),
- San Francisco Spectrum (Lesbian/Gay/Bi-sexual/Transgender community).

Public Agency Websites: The Authority e-mailed its Invitation for Bid advertisement to the following agencies who placed the advertisement in their website bulletin boards:

- City and County of San Francisco (City Purchasing Department),
- California State Contracts Register (Office of Small Business Certification and Resources),
- Small Business Administration's PRO-Net (Office of Government Contracting & Minority Enterprise Development).
- U.S. Department of Commerce's BIDNET (Minority Business Development Agency)

Builders Exchanges: The Authority sent its Invitation for Bid Documents, Plans & Specifications to the following Builders Exchanges, where the documents are available to Contractors for review and bid preparation:

- San Francisco Builders Exchange,
- Peninsula Builders Exchange,
- Builders Exchange of Alameda County,
- Santa Clara Builders Exchange,
- Contra Costa Builders Exchange,
- BV2HP Builders Exchange,
- MECA Builders Exchange (member base composed of small DBE, M/WBE firms),
- Marin Builders Exchange,
- Construction Data Plan Room,
- San Francisco Building and Construction Trade Council,
- Local Union 38, Plumbers Union,
- Local Union 6, International Brotherhood of Electrical Workers.

Six (6) potential bidders requested the Invitation for Bid Documents, Plans & Specifications that were issued by HD&M. The on-site bid walk was conducted by HD&M on June 8, 2004. In attendance were nine (9) contractors along with the Consultant, and Authority staff members from HD&M and the Procurement Department. An additional bid walk was conducted on June 15, 2004. Three (3) contractors attended this bid walk.

BIDDER SELECTION PROCESS

The closing date for the solicitation was June 22, 2004, and the Authority received bids from four (4) bidders. The bid documents were publicly opened and read aloud. The lowest apparent bidder, IMR Roofing, did not possess the appropriate license to execute the work. They possess a roofing license, but do not possess the necessary general contractor, plumbing, and electrical licenses required for the job. IMR Roofing withdrew its bid on June 25, 2004, citing a mistake and omission in the total bid price. IMR Roofing's bid withdrawal was accepted by the Authority's Procurement Department. The next lowest responsive and responsible bidder is Western Roofing Service. The submittal documents were reviewed by HD&M and forwarded to P&C for review and approval to prepare this Resolution. The Contractor bids are as follows:

BID PROPOSALS:

Bidder	Bid Proposal	25% Resident Hiring	Contractor MBE/ WBE	Sub Contractors	MBE/WBE Sub Contractor % Of Total Job	Total MBE/ WBE
IMR Roofing	$375,000	Yes	Yes	None	0.00%	51%
Western Roofing Service	$519,296	Yes	No	Four	14%	14%

Pioneer Contractors, Inc.	$572,000	Yes	Yes	Three	5.17%	56.17%
Best Roofing, Inc.	$634,000	Yes	No	Four	23%	23%

As required by the HUD-5369 Instructions to Bidders, the contract award is based on the lowest, responsive, and responsible bidder. Based on the above, the lowest, responsive, and responsible bidder is Western Roofing Service.

The Western Roofing Service bid is 4 percent higher than the cost estimate amount. By contrast, the next lowest bidders were 14.7 percent and 27 percent above the cost estimate. Upon request, Western Roofing Service reviewed their bid and informed Procurement that they stood by their bid. Their submitted job cost breakdown was analyzed by the Authority's consultant and was found to be realistic and acceptable.

According to the reference check on past projects performed by Western Roofing Service, the firm is a responsible contractor with a good record. They have performed similar contracts for SFHA and other public agencies and have a good history of minimizing contractor-initiated change orders. Western Roofing Service has performed very well in the past on other Authority projects for roofing repairs and replacements at various SFHA sites. SFHA Maintenance Department has also obtained bids from Western Roofing for repair work, due to their reliability and proven track record of providing quality work. A debarment check was made and shows that Western Roofing Service is not debarred from Federal Procurement and Non-Procurement work.

OBJECTIVES

The objective of the Resolution is to authorize the Executive Director to enter into a contract for the demolition and replacement of the existing roofing systems on the second floor.

Work under this contract will generally include, but not be limited to, the following:

a. Site survey and verification of existing conditions.

b. Demolition and replacement of traffic bearing surface, South Roof terrace partially over second floor. Repair of existing planters.

c. Demolition and replacement of inaccessible built-up roofing system, North Roof, partially over first and second floor.

d. Installation of new code compliant drainage system.

e. ADA upgrades at the ground floor bathroom, main entrance door at the ground floor and the terrace door at third floor. ADA upgrades are required by the San Francisco building code, which requires that 10% of the contract amount be allocated to ADA improvements.

f. Replacement of missing and damaged ceiling tiles at second floor level.

PRESENT SITUATION

430 Turk Street is a San Francisco Housing Authority, seven story, senior housing development over 440 Turk Street, a two story office building. It was built in 1984. The 20-year-old roofing systems over the second floor have deteriorated beyond any repairs and need to be replaced immediately to avoid a repeat of the numerous leaks that occurred during the last rainy season. Following this work, the roof, exterior walls, and windows of 430 Turk Street will be evaluated for necessary repairs to ensure that the entire building is weather tight.

ANTICIPATED OUTCOMES

Replacement of the roofing systems over the second floor office space will prevent any further leakage due to roof failures. It will free the Authority's maintenance department from the calls for repairs and assistance to deal with sudden leaks. Western Roofing will provide the required guarantee for materials and workmanship in compliance with Authority standards. Special Warranty, including roofing membrane, flashings, accessories, insulation and roof pavers, is without any monetary limitation. The manufacturer agrees to repair or replace components of the roofing system that fail within the warranty period. The warranty period is 20 years.

WHO BENEFITS

Public housing residents will benefit from improved accessible roof terrace surface, free of tripping hazards and ADA upgrades in the public areas, such as electrically operated doors and public bathroom upgrades. Since SFHA office operations will not be interrupted by inclement weather, residents will benefit from better service. The capital improvements will also benefit the Authority's real property assets and add to the longevity of the structures. The project will provide employment for public housing residents under the resident hiring requirements. By hiring residents, Western Roofing Services is helping to create a pool of qualified residents for future work on similar Authority construction projects.

BUDGET CONSIDERATION

The Roof Replacement is funded by the Capital Fund Program FY 2002 budget. The low bid is within 4 percent of the independent cost estimate.

RESIDENT HIRING

Western Roofing Service is committed to exceeding the 25 percent resident hiring goal on this job and has complied in the past with the same requirement. At Potrero Annex, Repair of Canopies, Western Roofing achieved 33.49% resident hire of total hours worked. Several Housing Authority residents have become part of the permanent staff of Western Roofing in the past. The contractor estimates that it will take about 1,280 hours to complete the project, of which a minimum 320 hours will be resident hire employment.

MBE/WBE PARTICIPATION

Western Roofing Service is a Section 3 company, since the majority of their employees belong to minority groups and have been low-income residents of San Francisco. Western Roofing Service

has demonstrated their commitment to MBE/WBE participation, and they achieved 14% in this bid, though they typically exceed 20 percent.

RECOMMENDATION

Western Roofing Service has submitted the lowest, responsive, and responsible bid. They are committed to continue exceeding the 25% resident hiring requirement. Funding is available in the 2002 Capital Fund Program. Since the roofing system is in urgent need of replacement, adoption of this Resolution authorizing the Executive Director to enter into a contract with Western Roofing Service for the Second Floor Roof Replacement Work at CAL 1-41, 430/440 Turk Street, in an amount not to exceed $519,296, is recommended.

(Prepared by: Edda Piccini, Robert Dahlstrom, and Barbara Smith)

RESOLUTION NO. 5168
ADOPTED 7/22/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH WESTERN ROOFING SERVICE FOR THE SECOND FLOOR ROOF REPLACEMENT WORK AT CAL 1-41, 430/440 TURK STREET, IN AN AMOUNT NOT TO EXCEED $519,296

WHEREAS, The San Francisco Housing Authority publicly advertised Solicitation No. 04-620-IFB-015 for Roof Replacement at CAL 1-41, 430/440 Turk Street, and

WHEREAS, Western Roofing Service submitted the lowest responsive and responsible bid of $519,296.00 to provide for the Roof Replacement Work at CAL 1-41, 430/440 Turk Street; and

WHEREAS, these services are necessary to protect the health and welfare of residents; and

WHEREAS, funding is available through the HUD 2002 Capital Fund Program; and

WHEREAS, the procurement process for those actions covered by this Resolution meet the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and State of California and local laws; and

WHEREAS, all additional relevant documents submitted by the low bidder have been reviewed and found to be in order; and

WHEREAS, Western Roofing Service will meet the Resident Hiring requirements.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to execute a contract with Western Roofing Service for the Second Floor Roof Replacement Work at CAL 1-41, 430/440 Turk Street, in an amount Not-To-Exceed $519,296.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY: REVIEWED BY:

Donna Mart
DONNA MARTIN, General Counsel

Date: 7-16-04

GREGG FORTNER, Executive Director

Date: 7/16/2004

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, Julie Lee, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on July 22, 2004:

RESOLUTION NO. 5168

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH WESTERN ROOFING SERVICE FOR THE SECOND FLOOR ROOF REPLACEMENT WORK AT CAL 1-41, 430/440 TURK STREET, IN AN AMOUNT NOT TO EXCEED $519,296.00

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
George R. Brown
Betty J. Smith
Neola Gans
George Woodruff

AGAINST ADOPTION:
Julie Lee

ABSENT (EXCUSED):
Sululagi Palega, Sr.

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: December 9, 2004.

Julie Lee, President
SFHA Commission

H

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

DATE: July 22, 2004

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH C & J PAINTING CO. FOR EXTERIOR LEAD PAINT STABILIZATION AT CAL 1-18(3), HUNTERS VIEW, IN AN AMOUNT NOT TO EXCEED $900,000**

OVERVIEW

This Resolution authorizes the Executive Director to enter into a contract with C & J Painting Co. to provide exterior lead paint stabilization for 50 buildings at Hunters View.

The exterior facades of Hunters View buildings are in a state of disrepair with paint peeling off. Panels in between windows have buckled allowing moisture to be introduced inside the wall cavity. In accordance with HUD regulations, the painted surfaces of buildings need to be stabilized to ensure that the children living in Hunters View will not be exposed to high concentrations of lead, which can become a serious health risk.

PROCUREMENT

The Authority issued Solicitation No. 04-620-IFB-009 of May 3, 2004 following review and approval of the solicitation by the Finance and Procurement Departments. The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement," HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities," the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws.

The Housing Development & Modernization Department (HD& M) developed the Invitation for

Bid Documents, Plans & Specifications based on master procurement documents furnished by the Authority's Procurement & Contracts Department. Construction Documents (drawings and technical specifications) were furnished by the Authority's Environmental Services Consultant, SCA. The documents were reviewed and approved by the Procurement & Contracts Department (P&C) prior to the start of the bid process.

The Authority advertised for bidders and outreached to potential bidders as follows:

Past Bidders Lists and Contractors Blue Book: The Authority faxed or mailed its Invitation for Bid advertisement to sixty-eight (68) individual Contractors from the Authority's Past Bidders List, the Contractors Blue Book, and Telephone Directory Yellow Pages.

HRC: . The Authority e-mailed, faxed, or mailed its Invitation for Bid advertisement to eleven (11) MBE/WBE contractors listed by the San Francisco Human Rights Commission.

Labor Unions: The Authority mailed its Invitation for Bid Documents, Plans & Specifications to the San Francisco Buildings Trade Council and Painters Local Union 12.

Newspapers: The Authority publicly advertised the Invitation for Bid advertisement in the following newspapers:
Daily Pacific Builder (trade publication)
World Journal (newspaper)
Bayview (newspaper)

Additional Newspapers: The Authority e-mailed its Invitation for Bid advertisement to the San Francisco Board of Supervisors office who placed the advertisement in the following community newspapers:

- El Latino (Hispanic American community),
- El Reportero (Hispanic American community),
- Asian Week (Chinese American community),
- Chinese Times (Chinese American community),
- San Francisco Bay Times (Lesbian/Gay/Bi-sexual/Transgender community),
- San Francisco Spectrum (Lesbian/Gay/Bi-sexual/Transgender community).

Public Agency Websites: The Authority e-mailed the Invitation for Bid advertisement to the following agencies who placed the advertisement on their website bulletin boards:

- City and County of San Francisco (City Purchasing Department),
- California State Contracts Register (Office of Small Business Certification and Resources),
- Small Business Administration's PRO-Net (Office of Government Contracting & Minority Enterprise Development),
- U.S. Department of Commerce's BIDNET (Minority Business Development Agency)

Builders Exchanges: The Authority sent the Invitation for Bid Documents, Plans & Specifications to the following Builders Exchanges, where the documents are available to contractors for review and bid preparation:

- San Francisco Builders Exchange,
- Peninsula Builders Exchange,
- Builders Exchange of Alameda County,

- Santa Clara Builders Exchange,
- Contra Costa Builders Exchange,
- BVH2P Builders Exchange,
- MECA Builders Exchange (member base composed of small DBE, M/WBE firms),
- Marin Builders Exchange,
- Construction Data Plan Room,
- San Francisco Building and Construction Trade Council,
- District Council 16, Painters Union.

Twelve (12) potential bidders requested the Invitation for Bid Documents, Plans & Specifications that were issued by HD&M. The on-site bid walk was conducted by HD&M on May 18, 2004. In attendance were twenty-one (21) Contractors along with the Lead Based Paint Consultant and Authority staff members from HD&M and the Procurement Department. Following the bid walk, HD& M contacted the Work Preservation Fund to enlist its support in encouraging contractors to bid.

BIDDER SELECTION PROCESS

The closing date for the solicitation was June 3, 2004, and the Authority received bids from six (6) responsive and responsible contractors. The bid documents were publicly opened and read aloud. The submittal documents were reviewed by HD&M and forwarded to P&C for its review and approval, and to prepare this Resolution. The contractors' bids are as follows:

BID PROPOSALS:

Bidder	Bid Proposal	25% Resident Hiring	Contractor MBE/ WBE	Sub Contractors	MBE/WBE Sub Contractor % Of Total Job	Total MBE/ WBE
C + J Painting	$900,000	Yes	No	One	0%*	0%
Bayview Painting	$922,000	Yes	No	Four	20%	20%
Fred J. Schmidt & Assoc.	$998,932	Yes	No	Three	20%	20%
George E. Master Inc.	$1,098,000	Yes	No	Two	20%	20%
Penn Construction	$1,100,000	Yes	No	Three	0%	0%
Ionian Construction Inc.	$1,413,000	Yes	No	Three	0%	0%

** Footnote: It was confirmed by the Authority that C + J Painting did undertake a good faith effort to obtain 20% MBE/WBE participation but failed, as did 50% of all bidders.

Per HUD-5369 Instructions to Bidders, the contract award is based on the lowest, responsive and responsible bidder. Based on the above, the lowest, responsive and responsible bidder is C + J

Painting Co.

C + J Painting Co.'s bid is in the mid-range of two independent cost estimates. Upon request, C + J Painting Co. reviewed its bid and informed Procurement that it stood by its bid. It is a small firm, and it does most of the work itself. Its subcontractor work is about 20% of the total. Its submitted job cost breakdown was analyzed by the Authority's consultant and was found to be realistic and acceptable.

According to the reference check on past projects performed by C + J Painting Co., the firm is a responsible contractor with a good record. It has performed similar contracts for other public agencies such as the San Francisco Board of Education, and it has a good history of minimizing contractor initiated change orders. C + J Painting Co. has performed exceptionally well for completed Authority projects at Potrero Terrace and Westside Courts for lead paint stabilization. C + J Painting Co. completed the project on time and within the budget. Minor work, not in the scope of the contract work, was performed without requests for change orders. A debarment check was made and shows that C + J Painting Co. is not debarred from Federal Procurement and Non-Procurement work.

OBJECTIVES

The objective of the Resolution is to authorize the Executive Director to enter into a contract for the exterior lead paint stabilization of Hunters View buildings.

Work under this contract will generally include, but not be limited to, the following:

a. Site survey and verification of existing conditions.

b. Removal of lead based flaking and peeling paint in conformance with Hazardous Materials Procedures and replacement of deteriorated wood.

c. Encapsulation of all exterior lead based paint with paint.

d. Spot prime all bare wood, prime coat and finish paint all buildings.

PRESENT SITUATION

Hunters View is a San Francisco Housing Authority Development built in 1956 and is comprised of 50 lead-based paint coated buildings. The paint on all 50 building facades has deteriorated and paint is chipping off the buildings and falling to the ground. Panels between windows are buckling, allowing rainwater to go inside building walls. HUD regulations and Federal law mandates corrective action be undertaken within 90 days of an assessment that identifies lead-based paint in poor condition.

Lead-based paint was an allowable building material at the time these building were built. Lead-based paint was outlawed by 1973 because of adverse health problems associated with lead poisoning.

There has been a recent focus on the Hunters View neighborhood by various City Departments and others, and the physical condition of the neighborhood has been dramatically improved. The

painting work of this contract will also substantially improve the physical appearance and condition of the neighborhood.

Authority staff members have been meeting with Hunters View residents to develop a color scheme that residents can be proud of. This effort is ongoing.

ANTICIPATED OUTCOMES

This lead stabilization and painting contract will reduce the threat of lead contamination and will also beautify the neighborhood. No longer will Hunters View appear to be an institutional facility with all buildings the same color. C + J Painting Co. will provide a two-year guarantee for materials and workmanship, in compliance with the Authority's standards.

WHO BENEFITS

Hunters View housing residents will benefit by the work of this contract with a safer lead-based paint stabilized environment, a high level of aesthetic satisfaction, and by greater pride in their community. In addition, residents will have a better sense of individualism, since all apartments will no longer have the same color facade. Buildings will have alternating color schemes giving the appearance of row houses. The capital improvements will also benefit the Authority's real property assets by adding time to the life of the structures and by preventing moisture damage and associated mold problems. The project will also provide employment for public housing residents under the resident hiring contract requirements in a time when residents need employment and recent graduates of the Sherwin-Williams training program are available. By hiring residents, we are helping to create a pool of qualified residents for future painting work, providing role models in the community, and giving residents an opportunity to join the Union.

BUDGET CONSIDERATION

The Lead-Based Paint project is funded in the Year 2003 Capital Fund Program budget. The low bid at $900,000 is in the middle of two independent cost estimates. The low bid is 42 percent lower than the approved budget amount.

RESIDENT HIRING

On a prior painting contract with the Authority, C + J Painting Co. exceeded the 25 percent minimum resident hiring goal. Its resident-hire work force hours were 40 percent of the total work force hours. C + J Painting Co. estimates that it will take about 950 hours to complete the project, of which a minimum 238 hours will be resident hires. Lead-based paint abatement training will be included in the work. Residents who completed the Sherman-Williams Co. painters' training program will be offered positions first.

MBE/WBE PARTICIPATION

C + J Painting Co. is a small firm, and it does most of the work itself. The Authority's Management and Administrative Services Department has determined that C + J Painting Co. has made a good effort to obtain a MBE/WBE subcontractor.

RECOMMENDATION

Staff urges adoption of this Resolution authorizing the Executive Director to enter into a contract with C + J Painting Co. for lead paint stabilization work at CAL 1-18(3) Hunters View, in an amount not-to-exceed $900,000. C + J Painting Co. has submitted the lowest, responsive and responsible bid. They are committed to exceeding the 25 percent resident hiring requirement. Funding is available in the 2003 Capital Fund Programs. Since building exterior conditions are in poor state.

(Prepared by Barbara Smith, Bob Dahlstrom and James Mark, Housing Development and Modernization Department

RESOLUTION NO. 5169
ADOPTED 7/22/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH C & J PAINTING CO. FOR EXTERIOR LEAD PAINT STABILIZATION AT CAL 1-18(3), HUNTERS VIEW, IN AN AMOUNT NOT TO EXCEED $900,000

WHEREAS, The San Francisco Housing Authority publicly advertised Solicitation No. 04-620-IFB-009 for Exterior Lead Paint Stabilization at CAL 1-18(3), Hunters View, and

WHEREAS, C + J Painting Co. submitted the lowest responsive and responsible bid of $900,000 to provide for Exterior Lead Paint Stabilization at CAL 1-18(3), Hunters View; and

WHEREAS, these services are necessary to protect the health and welfare of residents; and

WHEREAS, funding is available through the HUD 2003 Capital Fund Program; and

WHEREAS, the procurement process for those actions covered by this Resolution meet the procurement standards of 24 CFR 85.36 "Procurement," HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities," the San Francisco Housing Authority's Procurement Policy Manual and State of California and local laws; and

WHEREAS, all additional relevant documents submitted by the low bidder have been reviewed and found to be in order; and

WHEREAS, C + J Painting Co. will meet the Resident Hiring requirements.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a contract with C + J Painting Co. for Exterior Lead Paint Stabilization at CAL 1-18(3), Hunters View, in an amount Not-To-Exceed $900,000.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY: REVIEWED BY:

Donna Mart
DONNA MARTIN, General Counsel
Date: 7-15-04

GREGG FORTNER, Executive Director
Date: 7/16/2004

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, Julie Lee, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on July 22, 2004:

RESOLUTION NO. 5169

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH C & J PAINTING CO. FOR EXTERIOR LEAD PAINT STABILIZATION AT CAL 1-18(3), HUNTERS VIEW, IN AN AMOUNT NOT TO EXCEED $900,000

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:

Julie Lee
George R. Brown
Betty J. Smith
Neola Gans
George Woodruff

AGAINST ADOPTION:

ABSENT (EXCUSED):

Sululagi Palega, Sr.

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: December 9, 2004.

Julie Lee, President
SFHA Commission

J

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

DATE: JULY 22, 2004

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO TWO SEPARATE TWO-YEAR CONTRACTS FOR $50,000 EACH, ONE WITH SCA ENVIRONMENTAL, INC. AND ONE WITH KELLCO ENVIRONMENTAL SERVICES, INC., TO PROVIDE LEAD AND ASBESTOS CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $100,000 FOR THE TWO CONTRACTS**

OVERVIEW

This Resolution authorizes the Executive Director to enter into a contract with the two highest-ranking lead and asbestos consultant firms on an as-needed, task assignment basis for all developments over the next two years. This contract provides the San Francisco Housing Authority (Authority) with hazardous material consultant services for planned renovations and upgrades for fiscal years 2004 and 2005.

The Authority operates buildings predating 1973 that have lead-based paint and asbestos. Periodic testing and evaluation are required by the U.S. Department of Housing and Urban Development (HUD) (1) to update recommendations for management and proper handling of asbestos and lead-based paint, and (2) to ensure proper procedures are followed with renovations and maintenance. The Authority does not have staff with the specialized expertise or licenses required to investigate and evaluate asbestos and lead-based paint, or to prepare bid documents for stabilization or abatement. This contract provides specialized expertise and guidance to assist both Modernization and Maintenance with lead-based paint and asbestos issues.

OBJECTIVE

The objective of this contract is to provide the Authority with competent, professional, and licensed lead consultants on an as-needed, task assignment basis, to assess the needs and provide technical expertise to ensure that:

1. Resident families (especially children), workers, and the general public are protected from inappropriate exposure to lead and asbestos hazards;
2. The management of lead based paint (LBP) coated materials is conducted according to statutory requirements and current "good practice" guidelines.

The Authority has initiated an aggressive rehabilitation program with Capital Fund Program funds, and anticipates that this rehabilitation activity will disturb LBP at some of its facilities. The funds authorized by this contract will provide lead consulting services to ensure that LBP materials are identified, and handled in a safe manner.

The task assignment services may include:

1. Respond promptly to investigate lead incidents and emergencies and recommend remedial actions.

2. Conduct lead hazard risk assessment for any apartment units occupied by an elevated blood lead child.

3. Conduct lead hazard risk assessments according to HUD Regulations for family developments.

4. Prepare comprehensive specifications and mark drawings to indicate where LBP and asbestos components have been identified for abatement work, interim controls, or for building demolition.

5. Provide oversight, inspection and clearance testing, technical assistance, and guidance for work on LBP including demolition and renovation work, abatement activities, and maintenance work.

6. Provide training classes, prepare safe work procedures, and conduct exposure sampling for Authority personnel on lead and asbestos work to assure it is in accordance with regulatory mandates and the HUD Regulations.

7. Conduct LBP testing of building materials as needed to prepare work plans for lead-related work, or to provide the required notification to a contractor of the presence of hazardous materials in accordance with HUD Regulations.

8. Assist the Authority to provide notification of lead-related work activities and/or to report the presence of potential lead and asbestos hazards to residents, workers, the general public and government agencies as required by Federal, State, and local regulations.

9. Provide general consultation to the Authority on issues related to lead and asbestos hazards.

10. Attend meetings as required.

PROCUREMENT

The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws. The completed procurement process has been reviewed and approved by HUD.

The Authority and all public agencies in California are required by State and Federal law to select engineering consultants on the basis of qualifications in the form of a Request for Qualifications (RFQ).

SOLICITATION PROCESS

The Authority and all public agencies in California are required by State and Federal law to select engineering consultants on the basis of qualifications in the form of a Request for Qualifications (RFQ). After the most-qualified firm is selected, the hourly billing rates are negotiated. If satisfactory rates cannot be agreed to, the Authority would commence negotiations with the second highest ranked firm. For hazardous material consulting work, the Authority desired to have two firms available in order to ensure our ability to quickly respond to any situation.

Pre-approval of this RFQ document and process was obtained from Authority management prior to advertisement. The Housing Development and Modernization Department (HD&M) developed this specific RFQ document based on the Authority's master procurement documents prepared by the Procurement and Contracts Department. The Procurement Department reviewed and approved the documents prior to the start of the RFQ process.

Solicitation 04-620-RFQ-066 was issued on March 1, 2004. Announcement of the RFQ was made to the City Outreach Services and was put on the web sites for the Authority, the City, and the Small Business Administrations. The notice of the RFQ was published in the San Francisco Chronicle/Examiner, Daily Pacific Builder, Sing Tao Daily, and the San Francisco Bay View. Announcements and RFQ packets were mailed directly to four prospective professionals firms. Neither the San Francisco Human Rights Commission nor the Contractors Blue Book contains listings for this specialized profession.

Six Statements of Qualifications were received on the March 30, 2004 due date as follows:

- 1. SCA
- 2. KELLCO
- 3. WINZLER AND KELLY
- 4. PROTECH
- 5. SIGNMA
- 6. HMS

The two highest ranked firms are summarized:

1. **SCA Environmental, Inc.** is a small Oakland firm established in 1994. SCA has a team of Minority Business Enterprises (MBE) and Women Based Enterprises (WBE), which

has consistently exceeded the Housing Authority's requirements. SCA has eight technical staff members with experience in asbestos and lead work, two Certified Industrial Hygienists, three Professional Engineers, three certified Site Surveillance Technicians, and numerous Department of Health Services (DHS) Certified Lead Assessors/Inspectors and environmental specialists - all with current lead and asbestos licenses.

2. **Kellco Services, Inc.** is a small Hayward firm established in 1985. Kellco is a Federal 8A company and meets the requirements for both a small and disadvantaged business. Kellco has nine technical staff members with experience in Asbestos Management Planner and Project Design. Seven of the nine staff members have Lead-Based Paint Inspector/Assessors licenses, Project Monitor licenses, Supervisor licenses, and Project Designer licenses.

EVALUATION PROCESS

In conformance with the Authority's Procurement Procedures Manual, the Evaluation Panel individually reviewed the written Statements of Qualifications. At the same time, staff checked the references provided by each firm and provided the results to the Evaluation Panel members. Each respondent was scored against the criteria given below. The results were summarized and the firms ranked. The Evaluation Panel then invited the three highest ranking responding firms for oral interviews. After the interviews, the Evaluation Panel prepared a final evaluation and scoring to select the firms with the highest-ranked qualifications.

EVALUATION CRITERIA

Listed below are the evaluation criteria and their relative weight. Described in italics are the reasons for the different criteria. The evaluation criteria are based on the Authority's standards for Request for Qualifications questions and weighing contained in the Authority's Procurement Procedures Manual. The Director of Contract/Procurement Division approved the criteria and weighting given to each.

No.	Criteria & Reason	Weight
A	Criterion: Qualifications. *This allows evaluation of the firm's technical expertise as measured by the quantity and type of work performed by the firm and its years in business.*	20 points
B	Criterion: Staff Profiles. *This provides insight into the quality of the staff as measured by their professional degrees, licenses, and experience with the type of work required by this contract. The local staff size and their credentials is a quantitative measure of their knowledge, and are indicative of their ability to respond quickly with qualified staff.*	25 points

No.	Criteria & Reason	Weight
C	Criterion: Understanding of the project. *This demonstrates the firm's familiarity with elevator issues most frequently encountered with urban public housing in both family housing and mid-rise buildings. A firm with this experience is most capable of providing economical, efficient solutions to by the Housing Authority.*	20 points
D	Criterion: Approach to Project. *This item allows us to determine that the selected firm not only has office technical skills but also possesses sufficient field experience to effectively deal with field problems and contractor issues.*	25 points
E	Criterion: Affirmative Action. *This allows evaluation of the firm's commitment to MBE/WBE participation.*	5 points
F	Criterion: Affirmative Action. *This allows evaluation of the firm's commitment to hiring and training Authority residents.*	5 points
	Total	100 points

The following is the combined scoring results of the written proposals and interviews:

FIRM	WRITTEN	INTERVIEW	TOTAL	RANK
SCA	264	274	264	1
KELLCO	201	258	201	2
WINZLER & KELLY	195	227	195	3
SIGNMA	188	Not in the competitive range		
PROTECH	154	Not in the competitive range		
HMS	138	Not in the competitive range		

EVALUATION PANEL CONCLUSIONS

By its scoring and ranking, the Evaluation Panel determined that SCA and KELLCO were clearly the top-rated firms. SCA and KELLCO had prior experience with HUD, public agencies, and institutions and have consulted with other housing authorities. SCA had a prior contract with the Authority that was performed more than satisfactorily. The reference checks for the two firms produced no negative comments.

The Evaluation Panel also noted that SCA and KELLCO confirmed its ability to immediately respond to requests for proposals and to immediately test for lead and asbestos issues that are considered life safety situations. Moreover, the firms have an ongoing working relationship with HUD and OSHA and have current licenses. The two firms' principals indicated a willingness to

provide excellent consulting services. The principals demonstrated a thorough understanding of the type of work that will be required.

EVALUATION PANEL MEMBERS

Chairperson: Architect, Housing Development and Modernization Department, Project Manager. Selected for expertise in public housing design and construction, procurement, and lead and asbestos consultant management.

Member: Maintenance Department, Manager, Inspection, and Scheduling. Selected for expertise in lead and asbestos in public housing maintenance.

Member: Architect, Housing Development and Modernization Department, Senior Project Manager. Selected for previous expertise in lead and asbestos consultant services management.

PRESENT SITUATION

We presently have many projects that require asbestos and lead based paint remediation and assessments. Consultant projects will include: boiler replacements, abandoned hot water lines, peeling lead based paints and asbestos assessments, window alterations that have asbestos caulking, serpentine (>5% asbestos) rock removal, water damage, dry rot, and termite repairs.

In recent years, the Authority has had an as-needed Asbestos and Lead-Based Paint contract with SCA and an in-house staff person who was a Certified Industrial Hygienist (CIH). The Lead and Asbestos contracts have nearly been exhausted, and we no longer have an in-house CIH. The Authority now desires to have two consultants on an as-needed basis to negotiate and compare the fees for a given scope of work.

ANTICIPATED OUTCOMES

If these contracts are approved the anticipated outcomes are:

- The Authority will receive quality asbestos and lead consultant services to investigate and evaluate life safety hazards, to make recommendations for the proper handling of asbestos and lead-based paint during modernization and improvements to existing buildings, and for advice on maintenance activities.
- The Authority will obtain comprehensive construction documents for public bidding within an agreed estimated construction cost for hazardous material work.
- The Authority will have the ability to better negotiate the consultant fees when we have two consultants.
- The Authority will receive professional guidance on changes to the strict HUD, CAL OSHA, Safety Orders of the Division of Industrial Safety of the California Department of Industrial Relations, and with all Federal, State and City Codes and Regulations.
- The Authority will obtain expertise for prioritizing the modernization, upgrades, and maintenance needs while ensuring safety, and compliance with local Codes and HUD requirements.
- Residents will have the opportunity for training and employment.

WHO BENEFITS

Residents will benefit from a safer living environment. Workers will benefit by working in safe conditions. The Authority will benefit from reduced liability. Residents also will benefit by the skills developed through employment in the consultants' offices.

BUDGET CONSIDERATIONS

Funding for this planned contract is available within the FY2003 Capital Fund Program. The service term for this two-year contract will be for the Authority's fiscal years 2004 and 2005.

RESIDENT EMPLOYMENT

SCA and KELLCO have agreed to hire public housing residents to meet or exceed the 25% requirement established by Commission Resolution No. 4967 for non-construction contracts that exceed $50,000. They have contacted the Authority's resident hiring specialist to seek out and interview qualified Authority residents for job opportunities in their office. Over 600 hours of full-time employment of public housing residents will be provided in these two contracts.

MBE/WBE STATUS

SCA and Kellco are local, Small Business Enterprises. They have a diverse workforce in their offices and have provided Affirmative Action Acknowledgement forms that meet the requirements of Executive Order 11246. SCA is not a MBE/WBE firm, but Kellco is a MBE/WBE firm.

RECOMMENDATION

SCA and Kellco are well-qualified firms judged well able to deliver superior services to the Authority. Staff recommends approval of this Resolution.

(Prepared by Barbara Smith, Bob Dahlstrom and James Mark, Housing Development and Modernization Department

RESOLUTION NO._____
DATE ADOPTED: _____

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO TWO SEPARATE TWO-YEAR CONTRACTS FOR $50,000 EACH, ONE WITH SCA ENVIRONMENTAL, INC. AND ONE WITH KELLCO ENVIRONMENTAL SERVICES, INC., TO PROVIDE LEAD AND ASBESTOS CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $100,000 FOR THE TWO CONTRACTS

WHEREAS, the San Francisco Housing Authority (Authority) requires consultants who can provide hazardous material consultant services on an as-needed, task assignment basis; and

WHEREAS, the Authority has programmed capital work funded with the FY 2004 and FY 2005 Capital Fund Programs which will require these services; and

WHEREAS, SCA and KELLCO have been selected through the Request for Qualifications process as the most qualified firms for this work; and

WHEREAS, funding is available within the FY 2003 Capital Fund Program budget; and

WHEREAS, the procurement process for this contract meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1 "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities," the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws, and has been reviewed and approved by HUD.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into two separate two year contracts for $50,000 each, one with SCA Environmental, Inc. and one with Kellco Environmental Services, Inc., to provide lead and asbestos consultant services on an as-needed, task assignment basis for all Developments in a total amount not-to-exceed $100,000 for the two.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY: **REVIEWED BY:**

Donna Mart
DONNA MARTIN, General Counsel

GREGG FORTNER, Executive Director

Date: 7-16-04

Date: 7/16/2004

J

SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: GREGG FORTNER, SECRETARY / EXECUTIVE DIRECTOR

DATE: July 16, 2004

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH OLIVIA CHEN CONSULTANTS, INC. TO PROVIDE CIVIL ENGINEERING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $150,000

OVERVIEW

This Resolution will authorize the Executive Director to enter into a contract with the highest-ranked civil engineering firm on an as-needed, task assignment basis for all developments over the next two years. The contract will provide the San Francisco Housing Authority (Authority) with civil engineering services for about $2 million in planned civil engineering capital improvements from the Capital Fund Programs funds for 2003 and 2004 for operational fiscal years 2004 and 2005.

OBJECTIVE

The objective of this contract is to provide the Authority with a competent, professional, licensed civil engineering consultant firm to assess the need, design the solution, prepare construction documents for public bidding, and provide technical expertise to evaluate the contractor's construction and performance under the contract.

The task assignment services may include the following:

Existing Facilities:

1. Provide field and office testing and investigations, evaluations, analysis and reports in writing;

2. Develop recommendations and cost estimates to provide corrective actions to any problems revealed in a particular portion of the work;

3. Prepare comprehensive construction documents for public bidding within an estimated construction cost;

4. Apply for and obtain building permits; and/or

5. Prepare comprehensive construction documents for construction work performed by the Authority's crafts people.

New Construction:

6. Provide Programming;

7. Prepare schematic designs, design developments, outline specifications, construction cost estimates;

8. Prepare comprehensive construction documents for public bidding within an estimated construction cost;

9. Apply for and obtain building permits; and/or

10. Prepare comprehensive construction documents for construction work performed by the Authority's crafts people.

General

11. Assist with clarifications during the bid process, evaluation of bids received process, contract award and pre-construction phases;

12. Assist the Authority's staff during the construction phase by providing construction administration support services such as clarifications, review of proposed contract changes, performing periodic site inspections, and conducting a final survey to determine if the work performed was in accordance with the project plans and specifications;

13. Attend meetings as required.

Certain task assignments may require the Consultant to retain sub-consultants acceptable to the Authority, or to manage or coordinate with the Authority's other engineering consultants.

PROCUREMENT

Pre-approval of this RFQ document and process was obtained from Authority management prior to advertisement. The Housing Development and Modernization Department (HD&M) developed this specific RFQ document based on the Authority's master procurement documents prepared by the Procurement and Contracts Department. The Procurement Department reviewed and approved the documents prior to the start of the RFQ process.

The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities," the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws.

The Authority and all public agencies in California are required by State and Federal law to select engineers on the basis of qualifications in the form of a Request for Qualifications (RFQ). The highest-ranked firm is selected, subject to the negotiation of fair and reasonable compensation. If agreement cannot be reached, the Authority will negotiate with the next highest-ranked firm, and so on until a fair and reasonable price is obtained.

Solicitation Process

Solicitation 04-620-RFQ-006 was issued on March 8, 2004. Announcement of the RFQ was made to the City Outreach Services and was put on the web sites for the Authority, the City, and the Small Business Administration. The notice of the RFQ was published in the San Francisco Chronicle/Examiner, Daily Pacific Builder, Sing Tao Daily, and the San Francisco Bay View. Announcements were faxed and e-mailed directly to 45 prospective professionals firms, including 12 MBE/WBE firms from the San Francisco Human Rights Commission list, 30 firms from the Contractors Blue Book, and 3 firms that had responded to prior RFQs.

Three Statements of Qualifications were received on the due date of April 27, 2004.

Evaluation Process

In conformance with the Authority's Procurement Procedures Manual, the Evaluation Panel individually reviewed the written Statements of Qualifications. At the same time, staff checked the references provided by each firm and provided the results to the Evaluation Panel members. Then, the Evaluation Panel invited each of the three firms for oral interviews. After the interviews, the Evaluation Panel prepared a final evaluation and scoring to select the firm with the highest-ranked qualifications.

Evaluation Criteria

Listed below are the evaluation criteria and their relative weight. Described in italics are the reasons for the different criteria. The evaluation criteria are based on the Authority's standards for Request for Qualifications questions and weighing contained in the Authority's Procurement Procedures Manual. The Director of Contract/Procurement Division approved the criteria and weighting given to each.

No.	Criteria & Reason	Weight
A	Criterion: Qualifications. *This allows evaluation of the firm's technical expertise as measured by the quantity and type of work performed by the firm and its years in business.*	20 points
B	Criterion: Staff Profiles. *This provides insight into the quality of the staff as measured by their professional degrees, licenses and experience with the type of work required by this contract. The local staff size and their credentials is a quantitative measure of their knowledge, and is indicative of their ability to respond quickly with qualified staff.*	20 points
C	Criterion: Understanding of the project. *This demonstrates the firm's familiarity with modernization and rehabilitation issues most frequently encountered with urban public housing in both family housing and mid-rise buildings. A firm with this experience is most capable of providing economical, efficient solutions to the Authority.*	40 points
D	Criterion: Approach to Project. *This item allows us to determine that the selected firm not only has office technical skills but also possesses sufficient field experience to effectively deal with field problems and contractor issues.*	15 points
E	Criterion: Affirmative Action. *This allows evaluation of the firm's commitment to MBE/WBE participation and analysis of its detailed plan for hiring and training Authority residents.*	5 points
	Total	100 points

The following are the combined scoring results of the written proposals and the interviews:

FIRM	WRITTEN	INTERVIEW	TOTAL	RANK
OLIVIA CHEN CONSULTANTS	233	271	504	**1**
BKF ENGINEERS	234	239	473	**2**
LEE INCORPORATED	209	161	370	**3**

Evaluation Panel Conclusions
By its scoring and ranking, the Evaluation Panel determined that Olivia Chen Consultants, Inc. was clearly the top-rated firm. The firm has significant prior experience with public agencies and institutions and has provided satisfactory civil engineering services to the City's Public Utilities Commission, Department of Public Works, Port, and Airport. The reference checks on the firm produced no negative comments, and the firm is not on the federal Excluded Parties List.

Olivia Chen Consultants, Inc. is a local firm of 33 professionals, including fourteen civil engineers, two sanitary engineers, seven geotechnical engineers, and a geologist. Founded in 1994, the firm has won numerous professional awards for excellence in civil engineering and has received testimonial letters from several public agencies for the quality of their engineering work. Olivia Chen Consultants, Inc. is well qualified to design practical and cost-effective solutions to planned Authority undertakings.

Evaluation Panel Members
Chairperson: Architect, Housing Development and Modernization Department, Senior Project Manager. Selected for expertise in public housing design and construction, procurement, and consultant management.

Member: Administrative Manager, Central Services Division, Public Housing Operations Department. Selected for expertise in the Authority's civil engineering systems, public housing maintenance, and modernization programs.

Member: Architect, Housing Development and Modernization Department, Project Manager. Selected for expertise in public housing design and construction.

PRESENT SITUATION
The current civil engineering consultant contract is expiring after successful completion of the assigned tasks. Seventeen separate task assignments were completed, including topographic and boundary surveys, site sewer rehabilitation and replacement designs, and storm drainage improvements.

The planned capital work over the next two years includes almost $2 million for fifteen tasks, including slide repair and soil erosion stabilization, water main and sewer improvements, paving and sidewalk repairs, security fencing and miscellaneous site work. The Authority also needs to have consultants under contract in order to be able to react quickly to any emergency situations that may arise.

ANTICIPATED OUTCOMES
If this contract is approved the anticipated outcomes are:

- The Authority will receive quality civil engineering services for the Capital Fund Program.
- The Authority will be able to comply with all Federal, State and City Codes and Regulations.
- The Authority will provide a safer and efficient service to residents.
- Residents will have opportunities for training and employment.

WHO BENEFITS
Residents benefit from having appropriate civil engineering services for all contracted and in-house construction work. Inadequately designed or constructed improvements can be detrimental to the health and well being of residents. Poorly designed capital improvements also run the risk of code violations. Residents also benefit by the Authority's ability to respond quickly to emergency situations.

BUDGET CONSIDERATIONS
Funding for this planned contract is immediately available within the FY2003 Capital Fund Program. The Authority and all public agencies in California are required by State and Federal law to select engineering consultants on the basis of qualifications in the form of a Request for Qualifications (RFQ). After the most-qualified firm is selected, the hourly billing rates and reimbursable expenses are negotiated. The Authority has negotiated hourly billing rates, provided in confidential Attachment A, which are consistent with the hourly rates the Authority has paid for civil engineers in the past.

The service term for this contract will be for the Authority's fiscal years 2004 and 2005. The contract time will be two years, or less if there is an increase in the volume of Capital Fund work and the consultant completes all assigned tasks.

RESIDENT EMPLOYMENT
Olivia Chen Consultants, Inc. has agreed to hire public housing residents to meet or exceed the 25% requirement established by Commission Resolution No. 4967 for non-construction contracts that exceed $50,000 by providing a paid student internship or an administrative assistant position in their office.

MBE/WBE STATUS
Olivia Chen Consultants, Inc. is an economically disadvantaged, local Minority/Woman-Owned Business Enterprise certified by the San Francisco Human Rights Commission. It has a diverse workforce in its office and has provided an Affirmative Action Acknowledgement form that meets the requirements of Executive Order 11246.

RECOMMENDATION
Staff recommends approval of this Resolution.

(Prepared by Barbara Smith and Steve Haines, Housing Development and Modernization Department)

RESOLUTION NO. 5170
DATE ADOPTED: 7/22/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH OLIVIA CHEN CONSULTANTS, INC. TO PROVIDE CIVIL ENGINEERING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $150,000

WHEREAS, the San Francisco Housing Authority (Authority) requires civil engineering consultants who can provide civil engineering services on an as-needed, task assignment basis; and

WHEREAS, the contracts with the current civil engineering consultants are almost completed; and

WHEREAS, the Authority has programmed capital work funded with the FY 2003 and FY 2004 Capital Fund Programs which will require civil engineering design and construction administration services; and

WHEREAS, Olivia Chen Consultants, Inc. has been selected through the Request for Qualifications process as the most qualified firm for this work; and

WHEREAS, funding is available within the FY 2003 Capital Fund Program budget; and

WHEREAS, the procurement process for this contract meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1 "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual, and the State of California and local laws.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a two-year contract with Olivia Chen Consultants, Inc. to provide Civil Engineering Services on an as-needed, task assignment basis for all developments in a total amount not-to-exceed $150,000.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Martin
DONNA MARTIN, General Counsel

Date: 7-16-04

REVIEWED BY:

GREGG FORTNER, Executive Director

Date: 7/16/2004

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, Julie Lee, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on July 22, 2004:

RESOLUTION NO. 5170

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH OLIVIA CHEN CONSULTANTS, INC. TO PROVIDE CIVIL ENGINEERING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $150,000

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
Julie Lee
George R. Brown
Betty J. Smith
Neola Gans
George Woodruff

AGAINST ADOPTION:

ABSENT (EXCUSED):
Sululagi Palega,Sr.

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: December 9, 2004.

Julie Lee, President
SFHA Commission

K

SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: GREGG FORTNER, SECRETARY / EXECUTIVE DIRECTOR

DATE: July 16, 2004

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH THE KPA GROUP TO PROVIDE STRUCTURAL ENGINEERING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $100,000

OVERVIEW

This Resolution will authorize the Executive Director to enter into a contract with the highest-ranked structural engineering firm on an as-needed, task assignment basis for all developments over the next two years. The contract will provide the San Francisco Housing Authority (Authority) with structural engineering services for over $5 million per year in planned capital improvements from the Capital Fund Programs funds for 2003 and 2004 for operational fiscal years 2004 and 2005.

OBJECTIVE

The objective of this contract is to provide the Authority with a competent, professional, licensed structural engineering consultant firm to assess the need, design the solution, prepare construction documents for public bidding, and provide technical expertise to evaluate the contractor's construction and performance under the contract.

The task assignment services may include the following:

Existing Facilities:

1. Provide field and office testing and investigations, evaluations, analysis and reports in writing;

2. Develop recommendations and cost estimates to provide corrective actions to any problems revealed in a particular portion of the work;

3. Prepare comprehensive construction documents for public bidding within an estimated construction cost;

4. Apply for and obtain building permits; and/or

5. Prepare comprehensive construction documents for construction work performed by the Authority's crafts people.

New Construction:

6. Provide Programming;

7. Prepare schematic designs, design developments, outline specifications, construction cost estimates;

8. Prepare comprehensive construction documents for public bidding within an estimated construction cost;

9. Apply for and obtain building permits; and/or

10. Prepare comprehensive construction documents for construction work performed by the Authority's crafts people.

General

11. Assist with clarifications during the bid process, evaluation of bids received process, contract award and pre-construction phases;

12. Assist the Authority's staff during the construction phase by providing construction administration support services such as clarifications, review of proposed contract changes, performing periodic site inspections, and conducting a final survey to determine if the work performed was in accordance with the project plans and specifications;

13. Attend meetings as required.

Certain task assignments may require the Consultant to retain sub-consultants acceptable to the Authority, or to manage or coordinate with the Authority's other engineering consultants.

PROCUREMENT

Pre-approval of this RFQ document and process was obtained from Authority management prior to advertisement. The Housing Development and Modernization Department (HD&M) developed this specific RFQ document based on the Authority's master procurement documents prepared by the Procurement and Contracts Department. The Procurement Department reviewed and approved the documents prior to the start of the RFQ process.

The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws.

The Authority and all public agencies in California are required by State and Federal law to select engineers on the basis of qualifications in the form of a Request for Qualifications (RFQ). The highest-ranked firm is selected, subject to the negotiation of fair and reasonable compensation. If agreement cannot be reached, the Authority will negotiate with the next highest-ranked firm, and so on until a fair and reasonable price is obtained.

Solicitation Process

Solicitation 04-620-RFQ-007 was issued on March 8, 2004. Announcement of the RFQ was made to the City Outreach Services and was put on the web sites for the Authority, the City, and the Small Business Administration. The notice of the RFQ was published in the San Francisco Chronicle/Examiner, Daily Pacific Builder, Sing Tao Daily, and the San Francisco Bay View. Announcements were faxed and e-mailed directly to 70 prospective professionals firms, including 21 MBE/WBE firms from the San Francisco Human Rights Commission list, 46 firms from the Contractors Blue Book, and 3 firms that had responded to prior RFQs.

Four Statements of Qualifications were received on the due date of April 27, 2004.

Evaluation Process

In conformance with the Authority's Procurement Procedures Manual, the Evaluation Panel individually reviewed the written Statements of Qualifications. At the same time, staff checked the references provided by each firm and provided the results to the Evaluation Panel members. Then, the Evaluation Panel invited each of the three firms for oral interviews. After the interviews, the Evaluation Panel prepared a final evaluation and scoring to select the firm with the highest-ranked qualifications.

Evaluation Criteria

Listed below are the evaluation criteria and their relative weight. Described in italics are the reasons for the different criteria. The evaluation criteria are based on the Authority's standards for Request for Qualifications questions and weighing contained in the Authority's Procurement Procedures Manual. The Director of Contract/Procurement Division approved the criteria and weighting given to each.

No.	Criteria & Reason	Weight
A	Criterion: Qualifications. *This allows evaluation of the firm's technical expertise as measured by the quantity and type of work performed by the firm and its years in business.*	20 points
B	Criterion: Staff Profiles. *This provides insight into the quality of the staff as measured by their professional degrees, licenses and experience with the type of work required by this contract. The local staff size and their credentials is a quantitative measure of their knowledge, and is indicative of their ability to respond quickly with qualified staff.*	20 points
C	Criterion: Understanding of the project. *This demonstrates the firm's familiarity with modernization and rehabilitation issues most frequently encountered with urban public housing in both family housing and mid-rise buildings. A firm with this experience is most capable of providing economical, efficient solutions to the Authority.*	40 points
D	Criterion: Approach to Project. *This item allows us to determine that the selected firm not only has office technical skills but also possesses sufficient field experience to effectively deal with field problems and contractor issues.*	15 points
E	Criterion: Affirmative Action. *This allows evaluation of the firm's commitment to MBE/WBE participation and analysis of its detailed plan for hiring and training Authority residents.*	5 points
	Total	100 points

The following are the combined scoring results of the written proposals and the interviews:

FIRM	WRITTEN	INTERVIEW	TOTAL	RANK
THE KPA GROUP	**256**	**261**	**517**	**1**
MFT CONSULTING ENGINEERS, INC.	**233**	**246**	**479**	**2**
RIVIERA CONSULTING GROUP, INC.	**198**	**218**	**416**	**3**
KWAN & ASSOCIATES	**164**	**197**	**361**	**4**

Evaluation Panel Conclusions
By its scoring and ranking, the Evaluation Panel determined that The KPA Group was clearly the top-rated firm. The firm has significant prior experience with public agencies and institutions. The KPA Group has an expiring current contract with the Authority for as-needed structural engineering services, and a separate contract for as-needed architectural services, both of which have been performed satisfactorily. The reference checks on the firm produced no negative comments, and the firm is not on the federal Excluded Parties List.

The KPA Group is a local firm of 20 professionals, which over the last 15 years, has completed more than 1,000 assignments with a constructed value exceeding one billion dollars. Their portfolio includes designs and retrofits on multifamily housing developments. A multi-disciplinary firm with structural engineers, civil engineers and architects, The KPA Group is well qualified to design practical and cost-effective solutions to planned Authority undertakings.

Evaluation Panel Members
Chairperson: Architect, Housing Development and Modernization Department, Senior Project Manager. Selected for expertise in public housing design and construction, procurement, and consultant management.

Member: Administrative Manager, Central Services Division, Public Housing Operations Department. Selected for expertise in the Authority's public housing maintenance and modernization programs.

Member: Architect, Housing Development and Modernization Department, Project Manager. Selected for expertise in public housing design and construction.

PRESENT SITUATION
The current structural engineering consultant contract is expiring after successful completion of the assigned tasks. Twenty-one separate task assignments were completed, including exterior deck and stair repairs, structural evaluations and repair designs, and engineering for ADA accessibility improvements.

The planned capital work over the next two years includes over $5 million per year, including structural repair of decks and retaining walls, structural designs for modifications to program spaces, and miscellaneous structural work. The Authority also needs to have consultants under contract in order to be able to react quickly to any emergency situations that may arise.

ANTICIPATED OUTCOMES
If this contract is approved the anticipated outcomes are:

- The Authority will receive quality structural engineering services for the Capital Fund Program.
- The Authority will be able to comply with all Federal, State and City Codes and Regulations.
- The Authority will provide a safer and efficient service to residents.
- Residents will have opportunity for training and employment.

WHO BENEFITS
Residents benefit from having appropriate structural engineering services for all contracted and in-house construction work. Inadequately designed or constructed improvements can be detrimental to the health and well being of residents. Poorly designed capital improvements also run the risk of code violations. Residents also benefit by the Authority's ability to respond quickly to emergency situations.

BUDGET CONSIDERATIONS
Funding for this planned contract is immediately available within the FY2003 Capital Fund Program. The Authority and all public agencies in California are required by State and Federal law to select engineering consultants on the basis of qualifications in the form of a Request for Qualifications (RFQ). After the most-qualified firm is selected, the hourly billing rates and reimbursable expenses are negotiated. The Authority has negotiated hourly billing rates, provided in confidential Attachment A, which are consistent with the hourly rates the Authority has paid for structural engineers in the past.

The service term for this contract will be for the Authority's fiscal years 2004 and 2005. The contract time will be two years, or less if there is an increase in the volume of Capital Fund work and the consultant completes all assigned tasks.

RESIDENT EMPLOYMENT
The KPA Group has agreed to hire public housing residents to meet or exceed the 25% requirement established by Commission Resolution No. 4967 for non-construction contracts that exceed $50,000 by continuing a paid student internship that was begun under the prior contract. The resident is receiving practical training in the following areas:

- Learn how an architecture/engineering firm works, from marketing for a project to substantial completion of construction
- Learn computer drafting skills / applications (CAD)
- Apply CAD skills on actual design projects
- Sit in on meetings with clients
- Assist with design project documentation and administrative tasks
- Accompany staff to construction sites

MBE/WBE STATUS

The KPA Group, with its staff of 20 and two offices (San Francisco and Oakland), is not considered a small Business Enterprise. It has a diverse workforce in its office and has provided an Affirmative Action Acknowledgement form that meets the requirements of Executive Order 11246. It is not a MBE/WBE firm.

RECOMMENDATION

Staff recommends approval of this Resolution.

(Prepared by Barbara Smith and Steve Haines, Housing Development and Modernization Department)

RESOLUTION NO. 5171
DATE ADOPTED: 7/22/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH THE KPA GROUP TO PROVIDE STRUCTURAL ENGINEERING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $100,000

WHEREAS, the San Francisco Housing Authority (Authority) requires structural engineering consultants who can provide structural engineering services on an as-needed, task assignment basis; and

WHEREAS, the contracts with the current structural engineering consultants are almost completed; and

WHEREAS, the Authority has programmed capital work funded with the FY 2003 and FY 2004 Capital Fund Programs which will require structural engineering design and construction administration services; and

WHEREAS, The KPA Group has been selected through the Request for Qualifications process as the most qualified firm for this work; and

WHEREAS, funding is available within the FY 2003 Capital Fund Program budget; and

WHEREAS, the procurement process for this contract meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1 "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual, and the State of California and local laws.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a two-year contract with The KPA Group to provide Structural Engineering Services on an as-needed, task assignment basis for all developments in a total amount not-to-exceed $100,000.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Martin
DONNA MARTIN, General Counsel

Date: 7-16-04

REVIEWED BY:

GREGG FORTNER, Executive Director

Date: 7/16/2004

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, Julie Lee, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on July 22, 2004:

RESOLUTION NO. 5171

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH THE KPA GROUP TO PROVIDE STRUCTURAL ENGINEERING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $100,000

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
Julie Lee
George R. Brown
Betty J. Smith
Neola Gans
George Woodruff

AGAINST ADOPTION:

ABSENT (EXCUSED):
Sululagi Palega, Sr.

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: December 9, 2004.

Julie Lee, President
SFHA Commission

HOUSING AUTHORITY
OF THE
CITY AND COUNTY OF SAN FRANCISCO

Minutes of Regular Meeting
Thursday, July 22, 2004

440 Turk Street
San Francisco, California

The Housing Authority of the City and County of San Francisco met in a regularly scheduled meeting at 440 Turk Street, San Francisco, California on Thursday, July 22, 2004, at 4:00 p.m.

President Julie Lee called the meeting to order at 4:09 p.m.

DOCUMENTS DEPT.

JUN - 8 2005

SAN FRANCISCO
PUBLIC LIBRARY

1. ROLL CALL

Roll call found the following members to be:

PRESENT: *Julie Lee, President*
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner (excused at 5:46 p.m.)
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner (arrived at 4:35 p.m.)

A quorum was present.

ALSO PRESENT: *Mr. Gregg Fortner, Executive Director*
Ms. Donna Martin, Agency Counsel

2. APPROVAL OF AGENDA

Executive Director, Gregg Fortner asked to amend the agenda to remove New Business Item I. Commissioner Gans moved to approve the agenda as amended. Commissioner Smith seconded the motion. The motion to approve the agenda as amended was unanimously approved.

3. APPROVAL OF MINUTES

Commissioner Smith moved to approve the minutes of June 24, 2004. Commissioner Gans seconded the motion. The motion to approve the minutes of the June 24, 2004 Commission Meeting was unanimously passed.

4. GENERAL COMMUNICATIONS
5. REPORT OF SECRETARY

Executive Director, Gregg Fortner stated that within the Commissioners' folders were the Commission Request Log and an updated Lease-Up report. Mr. Fortner stated that within a year the SFHA had decreased the number of available units to 161 from 325. Mr. Fortner commended the staff for a job well done. As requested by the Commission, the next correspondence was a summary of the changes made to the PHA Plan. Following was a memorandum regarding the voicemail message Mr. Fortner received from Lt. Geeter, Secretary to the Police Commission. In his message, Lt. Geeter stated that the Police Commission would not be available for a joint meeting until November due to the newness of the board. The next correspondence was the shooting incident report. The report was of shots fired and did not include any homicides for the last two weeks. The confidential legal report was last.

As part of the Report of the Secretary, Mr. Fortner updated the Commission on the Federal budget. On July 21, 2004, Congress proposed to place enough money in the account to pay Section 8 owners at the expense of Public Housing. Congress proposes to cut the Administrative fees paid to the Housing Authorities by 4%, which translates to $800,000 for the SFHA. The operating fund, used for the daily operations of public housing, would be cut by 4.3%, which equals $2 million. The capital fund, used for modernization, would be cut by 4.3%, equating to $600,000. The HOPE VI program would be cut by 4.1% on top of the 70% cut last year. Mr. Fortner stated that there was enough opposition to these proposals that when the Congressional Committee met, they did not make any changes to the budget. Mr. Fortner stated that July is probably the last meeting there would be until August, but the SFHA would closely monitor their decisions. Mr. Fortner predicted that Congress would roll over this year's budget to next year when a firm decision is made on what the budget will be. Due to it being an election year, Mr. Fortner suspected that Congress would not be willing to set a budget when there would possibly be a change in administrations.

Mr. Fortner informed the Commission that the first Commission meeting in September falls on the 9th, which is the SFHA holiday, Admission's Day. The bylaws of the Commission state that if a Commission meeting falls on a holiday, it should be rescheduled for the following Friday. Therefore, unless the Commission chooses to change this, the September 9th meeting would be held on September 10th at 4:00 p.m.

Mr. Fortner announced that the third Sherwin Williams painting class would be graduating on July 23, 2004. The program received a very positive response from the residents. The first class had 14, the second class 15, and the third class had 19 participants. Mr. Fortner stated that one of the New Business items would benefit the students of the classes. He then commended Joyce Armstrong, Rufus Davis, and Mike Roetzer for filling the classes and motivating the residents to participate. Mr. Fortner said that every participant who started the class completed it without any pay. The Sherwin Williams instructors were impressed with the teamwork and enthusiasm of the students.

Mr. Fortner announced the event Mayor Newsom was hosting in Sunnydale on Saturday, July 31, 2004. The event would showcase the landscaping improvements being done in the area and service providers for the residents. The event would last from 11:00 a.m. to 3:00 p.m. at the corner of Santos and Sunnydale. The new basketball court is to be unveiled that day as well.

On August 16-18, 2004, SFHA would serve as the host city for the National Association of Resident Management Corporations (NARMC). NARMC is based in Louisiana and is visiting San Francisco for their annual conference. Commissioner Smith and Rosa Parks had agreed to host a barbeque on August 17, 2004 for the 200 conference participants. The conference is to be held in the St. Francis Hotel and the SFHA will have a tour of the developments on August 17th as well.

Vice President Brown asked if the Commissioners were supposed to receive any notification of the conference because he hadn't gotten anything. Mr. Fortner explained that the NARMC mostly deals with tenant associations and resident councils. No notification was directly sent to the SFHA because the agency is not a member. Some of the tenant associations are members, and therefore received invitations. Mr. Fortner said that after he receives a finalized program, it would be distributed to the Commission.

Commissioner Smith asked if the seniors and City Wide Council had been notified of the Conference in order to choose participants for the conference. Mr. Fortner answered that the PHTA President, Kimberly Brown would be coordinating that effort and between 40-50 residents would be participating. Usually, about 12 residents attend the annual conference, but because there were no incurred travel expenses, many more can attend. Mr. Fortner stated that in a previous conversation with Ms. Brown, she mentioned that the seniors should be invited to attend the conference and outreach would be done.

Vice President Brown stated that he had attended a town hall meeting in the Hunter's Point area with Ms. Brown and representatives of the Police Department. Complaints were made that when a crime is committed, the SFHA does not immediately take eviction actions against the residence of the perpetrators. Vice President Brown stated that his understanding was that each case was taken individually, based on its own circumstances. Mr. Fortner stated that when a police report is received, indicating criminal activity by a tenant, it is referred for legal action as a violation of the lease. However, federal regulations state that the effect on the entire household must be considered in pending evictions. In addition, San Francisco judges are not going to put a grandmother out because of something their grandchild did. Mr. Fortner commented that there have only been 66 cause cases over the past year. Rent cases usually result in a stipulated agreement between the SFHA and the tenant. Mr. Fortner said that there are 27,000 people on the waiting list for public housing and he believes that there are people out there willing to abide by the rules and make the community safe.

6. COMMITTEE REPORTS

Diversity Committee
No report.

Finance Committee
Commissioner Palega stated that the Finance Committee met on July 19, 2004 and he, Commissioner Gans, and Vice President Brown were present. The budget versus actual spending, for the period ending June 30, 2004, was reviewed. Budgets for the low income operating fund, Section 8, and HOPE VI were also reviewed. The upcoming independent audit was reviewed. The Commissioners requested more information on the Ernest Young technology proposal, but everything else on their agenda was recommended for approval. Commissioner Palega asked the other Commissioners not on the Finance Committee to examine the budget documents and feel free to ask questions.

Personnel Committee
No report.

7. REPORT OF AGENCY COUNSEL

Agency Counsel Donna Martin stated that there was no closed session and nothing to report.

8. TENANT REPRESENTATIVE REPORT

City Wide Council - Senior/Disabled

President of the City Wide Council – Senior/Disabled, William Vitalie reported that they had been trying to meet the HUD rules and regulations governing the tenant associations. Mr. Vitalie stated that they had found them to be biased toward the family developments. Therefore, the City Wide Council wrote a letter requesting deferments that would meet the needs of the senior and disabled community. Mr. Vitalie thanked Donna Martin and Naja Boyd for assisting them in getting a contact person at HUD, Elaine Rogers. Mr. Vitalie commented that she was open to their suggestions. Mr. Vitalie concluded by asking the Commission and staff for their continued support in differentiating their needs.

Public Housing Tenants Association (PHTA)

President of the PHTA, Kimberly Brown stated that she had been very busy in the community helping the various tenant associations. Ms. Brown said that Mayor Newsom appointed her to the African American Leadership Counsel and attended the meeting on July 6, 2004. Ms. Brown also went to the APRI voter registration drive. A basketball tournament was held, and the residents really enjoyed it. Ms. Brown attended a Bay View town hall meeting where APRI and representatives of the police department were present.

She stated that it was very informative. Ms. Brown stated that tenant associations are complaining that they did not receive notification of the APRI events in time to mobilize the tenants to attend. Unalterable weekend plans were already made when they found out about the APRI event. Ms. Brown asked for everyone to notify each other of events in ample time to ensure the most participation and collaboration. Ms. Brown provided examples of other events where notification was not given and the results of that. Ms. Brown stated that for the past two weeks, she had been attacked by individuals saying that PHTA is not being trained nor abiding by the Sunshine Ordinance. Ms. Brown said that the PHTA board would not hold a citywide meeting until they had a firm understanding of the function of PHTA. At that time, residents would have the opportunity to participate in the meetings and serve on committees. When the board understands how PHTA is to function, PHTA will abide by all governing rules and regulations. Last, Ms. Brown announced that the SFHA would hold a leadership training on July 24, 2004, 10:00 a.m. to 3:00 p.m. in the Commission room. After the leadership training, PHTA would host a Meet and Greet ceremony with the resident leaders.

President Lee encouraged both tenant representatives to keep up the good work.

Vice President Brown asked how more effective communication is being implemented. Mr. Fortner responded that part of the blame belongs to the SFHA. Due to the budget constraints, the events were planned on a week-to-week basis. A permanent schedule has been issued and Mr. Fortner hoped that would alleviate part of the concern. President Lee suggested using email. Mr. Fortner stated that often, the SFHA was not notified of the Mayor's events on SFHA property. That made it very difficult to communicate the events when the SFHA would find out at the last minute as well.

Commissioner Woodruff arrived.

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

Mark Van Zevern, of the International Union of Painters and Allied Trades, spoke in regards to New Business Item H. Mr. Van Zevern stated that their union represents painters, dry wall tapers, floor layers, and glaziers. Currently, over 100 members of the union are residents of the San Francisco Housing Authority. Mr. Van Zevern said that their union views their employers as partners. The union currently has contracts in the force account and in the maintenance department. Mr. Van Zevern reported that C & J had done previous work for the SFHA and collaborated with their union and Joyce Armstrong to make their resident participation 100%. They were proud to be able to

provide meaningful and gainful employment along with a comprehensive apprenticeship program. Additionally, the union had entered into a partnership with Sherwin Williams and the SFHA to provide residents with basic painting skills. On July 23, 2004, the third class would graduate and five people from the previous classes had been placed in apprenticeship programs with their signatory employers. If C & J was awarded the contract, they had committed to contacting the union for a pool of employees. The goal is for 100% of the employees to be residents and C & J would take on two participants of the Sherwin Williams class. Mr. Van Zevern reported that C & J is working on a school in Antioch, Ca. and has two SFHA residents employed on that job. C & J is not simply hiring residents because it is an SFHA requirement. They are sincerely interested in training the residents and working with the union to create journeymen and women. Union employees that were public housing residents went on to become journeymen, tapers and glaziers, now own their own homes. Mr. Van Zevern encouraged the Commission to approve New Business Item H.

Debra Pisel, of Bayview Painting addressed New Business Item H. Ms. Pisel stated that she thought it was wonderful that C & J was going to hire residents, but did not believe they bid the job correctly. The original bid was altered with an addendum to add a line item to the bid form. C & J did not do that. Additionally, the SFHA seeks minority and women owned businesses. Ms. Pisel stated that she did not believe that placing an ad in the newspaper was enough of a good faith effort and more outreach should have been performed by other means to reach out to those groups. She said that she knew of a few companies that fit into the criteria of minority and women owned businesses that were not contacted by the SFHA. Ms. Pisel asked the Commission to take into consideration the format and integrity of the bids because another contractor fulfilled the requirements, but was not successful. Ms. Pisel said that she wasn't sure if something was overlooked, or if that is the way the bidding system is going to be.

10. UNFINISHED BUSINESS – None

11. NEW BUSINESS

Resolution No. 5162

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO INCREASE FUNDS FOR LEGAL SERVICES FOR UNLAWFUL DETAINER CASES IN AN AMOUNT NOT-TO-EXCEED $100,000

Dominica Henderson of the Office of General Counsel, presented the resolution. Ms. Henderson reported that currently, the eviction actions are handled by SFHA staff and several contracted attorneys. On July 10, 2003, the Commission approved a resolution allowing the Executive Director to enter into a $200,000 two-year contract for the agency's unlawful detainer actions. This resolution would increase the funds for the legal

services so that there would not be a break in executing the evictions. Ms. Henderson stated that when the resolution was presented last year, the legal department did not anticipate spending more than $100,000 a year for eviction actions. In actuality, the rent cases increased by over 100 cases this year, compared to the same time period as last year. Additionally, police reports could also result in eviction actions. These reports are handled by the outside attorneys as well. The SFHA does not plan on spending $300,000 this year in attorney fees, but would like to have the room to do so, if necessary. Procurement for the next fiscal year is to begin in August.

Commissioner Woodruff asked how long the current contract has been in effect. Ms. Henderson answered that this is the first year of the contract. Commissioner Woodruff inquired about the $260,000 spent in the last year. Ms. Henderson explained that $260,000 had been spent on unlawful detainer actions since last year, but not all of those funds came from the current contract. There were funds appropriated prior to the contract issued in July of 2003. There was approximately $30,000 left in the current contract. Commissioner Woodruff asked if $100,000 was sufficient for the rest of the year. Ms. Henderson answered that the additional funds were not for one year, but the rest of this year and should suffice for that time period.

Commissioner Gans asked if each case costs about $500. Ms. Henderson answered that sending a rent case to the attorney to be filed is $391. Cause cases cost more because of the intense review required to complete the action. Ms. Henderson explained that if a resident enters into a stipulated agreement and violates it, the case costs less because the process is much shorter. Mr. Fortner added that the 200 existing stipulated agreements would allow the SFHA to recover $600,000 in rent. It's not the best return for spending $200,000 in legal fees, but the investment is a good one.

President Lee expressed concern about the contract funds being depleted before the expiration. Ms. Henderson responded that a new contract would have to be presented after the procurement process was completed. President Lee asked if the SFHA anticipates an increase or decrease in the number of rent cases due to the bad economy. Mr. Fortner replied that loss of a job shouldn't affect one's ability to pay public housing rent because their rent is based on their income and can easily be adjusted. Mr. Fortner explained the eviction process in detail to the Commissioners and that it could take between 30 and 60 days to complete. President Lee asked if there were more or less than the 515 cases in 2002. Ms. Henderson was unsure but speculated that it was less. Mr. Fortner commented that there were probably less cases because the cases used to cost more, but the whole contract was never spent.

Commissioner Smith asked if the SFHA adds on $500 if a person becomes delinquent after entering into a stipulated agreement. Mr. Fortner answered no, but the Authority does add on the fees incurred so that the agency is reimbursed. Mr. Fortner explained that a stipulated agreement is enforced by the court and if it is violated the tenant could be evicted without beginning the process all over again.

Commissioner Woodruff moved to approve Resolution No. 5162. Commissioner Smith seconded. The motion to approve Resolution No. 5162 was unanimously passed.

Resolution No. 5163

(B) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A SIDE LETTER OF AGREEMENT WITH THE PLUMBERS UNION LOCAL 38 TO ROLL OVER THE CURRENT CONTRACT UNTIL SEPTEMBER 30, 2006

Cynthia Black, Human Resources Manager presented the resolution. Ms. Black explained that the SFHA plumber union's contract mirrors that of the City and County of San Francisco. On June 29, 2004, the San Francisco Board of Supervisors agreed to roll over the Plumbers Union Local 38 contract. Ms. Black stated that the SFHA is requesting authorization to roll over the contract until 2006, with an increase in wages and health benefits. The M.O.U. would affect 23 SFHA employees.

President Lee asked how much the increase is. Mr. Fortner answered that there would be a 2% increase in 2005 and 4% in 2006.

Commissioner Palega moved to approve Resolution No. 5163. Vice President Brown seconded the motion to approve Resolution No. 5163. The motion to approve Resolution No. 5163 was unanimously approved.

Mr. Fortner asked the Commission if items C through F could be heard together because they all relate to Valencia Gardens and the Finance Committee had reviewed them. Commissioner Palega commented that the Finance Committee recommends approval of all three resolutions. Mr. Fortner and President Lee corrected Commissioner Palega that there are four resolutions regarding Valencia Gardens to be considered. Commissioner Palega briefly described the resolutions. Mr. Fortner asked if there was any objection to hearing all four. The Commission did not object.

Resolution No. 5164

(C) RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE AND DELIVERY OF UP TO $40,000,000 OF multifamily DRAW DOWN bonds, SERIES 2004A; AUTHORIZING THE LENDING OF THE PROCEEDS OF THE BONDS TO VALENCIA GARDENS HOUSING LIMITED PARTNERSHIP; AND AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE, BOND PURCHASE AGREEMENT AND SUCH OTHER DOCUMENTS AS MAY BE NECESSARY FOR THE ISSUANCE OF THE BONDS

Resolution No. 5165

(D) RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE AND DELIVERY OF UP TO $40,000,000 OF MULTIFAMILY HOUSING REVENUE REFUNDING BONDS (VALENCIA GARDENS), SERIES 2004; AUTHORIZING THE LENDING OF THE PROCEEDS OF THE BONDS TO VALENCIA GARDENS HOUSING LIMITED PARTNERSHIP; AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, LOAN AGREEMENT, TAX REGULATORY AGREEMENT, BOND PURCHASE CONTRACT, OFFICIAL STATEMENT AND SUCH OTHER DOCUMENTS AS MAY BE NECESSARY FOR THE ISSUANCE OF THE BONDS

Resolution No. 5166

(E) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE DOCUMENTS AND TAKE ACTIONS PERTAINING TO THE FINANCING OF VALENCIA GARDENS, INCLUDING A MIXED FINANCE AMENDMENT, DECLARATION OF TRUST AND RESTRICTIVE COVENANTS, A GROUND LEASE, REGULATORY AND OPERATING AGREEMENT, HOPE VI LOAN DOCUMENTS, AN OPTION AGREEMENT, SUBORDINATION AGREEMENTS, CERTIFICATIONS, AND OTHER DOCUMENTS

Resolution No. 5167

(F) RESOLUTION APPROVING THE ARTICLES OF ORGANIZATION AND OPERATING AGREEMENT FOR THE VALENCIA GARDENS DEVELOPMENT LLC, AUTHORIZING THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO TO SERVE AS THE SOLE MEMBER OF THE VALENCIA GARDENS DEVELOPMENT LLC, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO SERVE AS MANAGER OF THE VALENCIA GARDENS DEVELOPMENT LLC

Commissioner Woodruff pointed out that Item E was read into the record as, "including a mixed finance agreement," and should state, "including a mixed finance amendment."

Barbara Smith, Housing Modernization and Development Administrator stated that the SFHA was very excited about where they were in the Valencia Gardens project. The SFHA had obtained all of the financing commitments and is taking the final actions to obtain HUD approvals to get the bonds in place and have the closing on September 30, 2004. Construction would begin in October 2004. Ms. Smith introduced Susan Jun of Merryl Lynch, Jerry Wallack of Kutak Rock, Eric Olson of CSG Advisors, Bob Goldman

and Diane Jackson-McLean of Goldfarb and Lipman, Kenneth Jones and Lisa Pagan of Mission Housing Development, and Bob Nibbi of Nibbi Construction.

Ms. Smith stated that the first resolution is to issue interim bonds because when the SFHA got the state allocation for a bond issue, the SFHA had a time limit of August 5, 2004, and that was too short for a full HUD closing. These bonds would be repaid with the bonds of the second resolution, multifamily revenue refunding bonds. By September 30, 2004, there would only be one set of bond-holders.

Resolution E would authorize the mixed finance documents to be submitted to HUD. These documents must be submitted as a part of the closing. All of the documents that would be submitted to HUD were provided to the Commission at the June 24, 2004 Commission meeting. The documents contain all of the agreements over the past 6 months.

The last resolution was to create a limited liability company (LLC). The Valencia Gardens LLC was to be the special limited partner in the partnership. Ms. Smith stated that one of the advantages of using the SFHA's real estate attorneys, Goldfarb and Lipman, was that in performing HOPE VI deals nationwide, they remain up to date on the formation of entities that provide the maximum protection to the sponsor. Therefore, this LLC would provide the SFHA the maximum protection while still enabling the SFHA to be a special limited partner in the partnership. The SFHA would be able to protect its critical interests of affordability levels, tenant selection and the applicability of all public housing regulations. The same interests were imposed on the HOPE VI documents of the previous resolution. The documents were the regulatory and operating agreement, the mixed finance amendment, the ground lease, and the HOPE VI loan agreement. The obligations were restated so that the partnership had to meet all of the goals and requirements of the SFHA through many different mechanisms.

Commissioner Palega asked when the construction would start after the bonds are issued. Ms. Smith answered mid to late October. All of the evidentiary documents were on schedule to be submitted to HUD on July 30, 2004. HUD would then commit to turning over the approvals within 60 days. The SFHA should be ready to close by the end of September. The contractor would then need time to mobilize all of the subcontractors. Two to four weeks after closing there would be a groundbreaking ceremony and construction would begin.

Vice President Brown asked if Resolution E meant that the Executive Director would make all of the decisions and the Commission would not hear any further actions on the documents specified in the resolution. Ms. Smith answered that as long as there were no substantive modifications to the documents provided to the Commissioners, the Executive Director would be authorized to sign them. Ms. Smith stated that if any substantive changes were made, it would have to come back to the Commission. This is not expected because the documents are ready to be sent to HUD.

Vice President Brown asked if the Valencia Gardens LLC was a group that was chosen or found and if so, how did that happen. Ms. Smith stated that the LLC would be similar to the nonprofit affiliates. The SFHA has created affiliates to have a barrier between the SFHA assets and the partnership. The affiliate participates in the other developments of the SFHA and in the past were nonprofits. As a limited liability company, there is more separation from the SFHA even though the Executive Director manages it. Mr. Fortner added that the LLC was established here and was not chosen among other companies. Bob Mills stated that an LLC was chosen in this situation because the SFHA wanted to have a role in the partnership entity that owns the project to ensure that they comply with SFHA requirements. The decision was made not to have the SFHA participate as a public agency so its assets would be protected from any potential liability the partnership got into. Thus, a separate legal entity was created, the Valencia Gardens Limited Liability Company, whose sole member was the SFHA. By virtue of the operating agreement created, the SFHA had appointed the Executive Director to be the manager of this LLC. The main objective of the LLC's was to ensure that the affordability criteria and the other important interests of the SFHA are complied with. Vice President Brown asked if an organization was created within this organization and then the Executive Director was appointed over it. Mr. Mills stated that the LLC is a company that files its articles of organization with the Secretary of State's Office. It lists the members and in this case the sole member is the Housing Authority. Under the operating agreement, the SFHA has rights and responsibilities. The manager could do certain things alone, but other things would have to be approved by the member.

Commissioner Palega asked why the SFHA did not create a nonprofit organization as was done in the other HOPE VI projects. Mr. Mills stated that this was considered but there was concern that the tax-exempt determination of an existing nonprofit organization, such as the SFHA Housing Corporation, would be at risk by serving in the limited partnership. Mr. Mills stated that the duties of the LLC have no tax-exempt purpose.

Commissioner Woodruff asked Mr. Mills to define who the Housing Authority is and if that means the Commissioners. Mr. Mills responded that for the member to take any action listed in the operating agreement, such as dissolution, incurring debt, or bankruptcy, the Housing Authority Commission would have to act.

President Lee expressed concern about the 65-year purchase option and asked if the Commission would be able to see the annual balance sheet of what the partners are doing. Ms. Smith answered that this is part of the function of the limited partner. Ms. Smith also said that the lease is for 65 years, but the SFHA has the option to purchase 12 years after the start of the credit period and there is an 18-month window to do it. President Lee asked why there is no window period to purchase between the 15 and 65 years. Ms. Smith stated that she was advised that the option of first refusal could not be structured that way. President Lee stated that she thinks there should have been another window period between the 15 and 65 years. Eric Olson addressed the Commission and explained

that it is typical that the right of first refusal is structured this way throughout the industry. For 10 years, the investors receive their tax credits and then they are having operating losses year after year. Therefore, the investors want to get out of the partnership. This is in the interests of the SFHA in order to buy the property. The investor wants to be protected from any losses that might be incurred after their tax credit period expires. Mr. Olson stated that he did not think they could find an investor that would be willing commit to anything longer. Mr. Fortner asked Mr. Olson to explain why it is typical that there are no other window periods between the 15 and 65 years. Mr. Olson stated that the limited partner investor does not want to be stuck in a partnership for a long term after the tax credits are gone. Mr. Fortner asked Mr. Olson not to give the Commission the impression that the property could be sold to anyone at that point in time. Mr. Olson clarified that in 15-years, this piece of property would not be that valuable because of the rent restrictions and the Housing Authority is expected to buy it. Diane Jackson-McLean came forward to explain that the partnership tax credit financing mechanism is a way for the government to get private investors into partnerships for affordable housing. Once they got the economic benefit, the investor wants out of the partnership and the affordable housing developer has the option to buy the property. Ms. Jackson-McLean explained that this is not unique to the SFHA, but is the structure of tax credit financing. When the documents are closed, it is understood that the option to purchase the property in 15 years, by the SFHA, would be exercised. Mr. Mills added that in the purchase option, a right of first refusal is included. This means that even though Mission Housing is the developer, the SFHA has the first option to purchase the property. If the SFHA fails to do so, the property would go to Mission Housing, but the SFHA has every intention to buy the property at that time.

President Lee stated that she felt more comfortable knowing that the SFHA has the right of first refusal because in 12 years none of them would be there. President Lee asked to see the balance sheet every year so that the Commission could know whether it is more feasible to exercise its purchase option in 12 or 15 years and what is going on with the partnership. Mr. Mills stated that the Commission would receive an audited financial report at the end of each year.

Commissioner Palega moved to approve Resolution numbers 5164, 5165, 5166, and 5167. Commissioner Smith seconded the motion. The motion to approve resolution numbers 5164, 5165, 5166, and 5167 was unanimously passed.

Resolution No. 5168

(G) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH WESTERN ROOFING SERVICE FOR THE SECOND FLOOR ROOF REPLACEMENT WORK AT CAL 1-41, 430/440 TURK STREET, IN AN AMOUNT NOT TO EXCEED $519,296.00

Barbara Smith, Housing Modernization and Development Administrator explained that this resolution would allow repairs to the roof at 440 Turk Street that underwent massive leaks last year during the rainy season. The roof is 20 years old and has exceeded its life span.

Commissioner Palega asked if the roof of 440 and 430 Turk Street would be replaced. Ms. Smith answered that all of the lower roofing of both buildings would be repaired. The top of the building would be bid out at a later date because it required a different process. The roofing above the offices and the deck areas would be replaced, all existing conditions would be surveyed, traffic-bearing surfaces would be demolished and replaced, the planters would be repaired, and a code compliant drainage system would be installed. The Mayor's Office on Disability had mandated that contracts with any traffic require ADA upgrades to the buildings. Therefore, ADA upgrades would be done to improve the functioning of the main doors at 430 Turk Street and make the restroom on the first floor ADA compliant.

Ms. Smith stated that the procurement process began with a solicitation on May 24, 2004. The construction documents had been done by the Authority's technical consultant, the KPA Group. The master documents were provided by the procurement department. The standard outreach to newspapers and websites was employed. Six potential bidders requested the invitation for bid documents, and plans and specifications. Nine contractors attended the bid walk. An additional bid walk was held on June 15, 2004 and three contractors attended. The closing date for the solicitation was June 22, 2004. Four companies submitted bids. The lowest bidder asked to withdraw it because of an error in their estimate by $100,000. They did not have a plumber's license, which is required because of the drainage system nor were they a general contractor. The next lowest responsive, responsible bidder was Western Roofing. Western Roofing is a Section 3 company by keeping many residents employed. Western Roofing dedicated 33.49% of their hours to resident employment on their last contract with the SFHA. Their bid was within 4% of the cost estimate, 14% below the next highest bidder, and 27% below the highest bidder. According to reference checks and the SFHA's experience with Western Roofing, they were very qualified and have performed similar work. The funds were available in the FY 2002 capital fund program. Ms. Smith stated that staff recommended approval of this resolution.

Commissioner Woodruff commented that the memorandum stated that Western Roofing's bid was 4% higher than the estimate. Ms. Smith confirmed his statement and clarified that there is a 4% more or less range granted on the cost estimate.

President Lee asked Ms. Smith to specify the type of roof to be installed. Ms. Smith answered that it would have a 20-year warranty. The manufacturer agreed to repair or replace any components that fail within the 20-year period. Ms. Smith invited the representative of Western Roofing to come forward. Ed McConnell stated that the roofing system is a mineral surfaced asphalt and would have minimal odors during the

application. President Lee asked how many square feet would be replaced. Mr. McConnell stated that he did not know, but approximated 15,000 square feet. President Lee responded that a company performing work for half a million dollars should know the square footage.

Vice President Brown asked if they were going to provide the repair service for the next 20 years. Mr. McConnell answered that the manufacturer would be providing the warranty, but they are an approved applicator of the manufacturer's product. If their firm was unavailable, then another company would provide the service.

President Lee asked if there were planters currently on the roof. Ms. Smith answered that the SFHA had considered removing the planters, but they were an intricate part of the roof's construction. The residents also have a garden in the planters.

Mr. Fortner interrupted Ms. Smith and stated that counsel advised him that Resolutions C through F should be voted on separately. Mr. Fortner stated that individual motions were not necessary, but the record must reflect who was in favor or against.

President Lee called for the vote on Resolution No. 5164. All Commissioners were in favor of the adoption Resolution No. 5164.

President Lee called for the vote on Resolution No. 5165. All Commissioners were in favor of the adoption Resolution No. 5165.

President Lee called for the vote on Resolution No. 5166. All Commissioners were in favor of the adoption Resolution No. 5166.

President Lee called for the vote on Resolution No. 5167. All Commissioners were in favor of the adoption Resolution No. 5167.

Commissioner Palega was excused from the meeting.

President Lee expressed concerns about the planters on the roof because roofs are not made to walk on. President Lee suggested having a roof installed that accommodated walking, otherwise the manufacturer may not honor the warranty. Ms. Smith responded that more damage would be caused by removing the planters due to the design. The failure of the roof was widespread and unrelated to the planters. Ms. Smith also stated that the new surface was designed to have walking traffic. President Lee replied that she did not believe any roof was designed for walking traffic.

Vice President Brown moved to approve Resolution No. 5168. Commissioner Woodruff seconded the motion. The motion to approve Resolution No. 5168 passed by a majority vote. President Lee opposed.

Resolution No. 5169

(H) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH C & J PAINTING CO. FOR EXTERIOR LEAD PAINT STABILIZATION AT CAL 1-18(3), HUNTERS VIEW, IN AN AMOUNT NOT TO EXCEED $900,000

Barbara Smith, Housing Modernization and Development Administrator presented the resolution. Ms. Smith explained that the exterior façade of the Hunter's View buildings are in a state of disrepair. The paint is peeling off and some to of the siding is popping off. The original paint had lead in it and HUD requires the SFHA to monitor the paint, remove flaking and peeling paint and reincapsulate the paint, as needed. An assessment determined that the buildings should be repainted as soon as possible. The Authority prepared the technical specification with the assistance of SCA Environmental, Inc., one of the Agency's environmental consultants. The solicitation was issued on May 3, 2004. All of the standard outreach was performed. Twelve potential bidders requested the bid documents. Twenty-one contractors attended the on-site bid walk on May 18, 2004. On June 3, 2004, six bids were received by responsive and responsible bidders. The lowest bidder was C & J Consultants. Their bid of $900,000 was 42% below the approved budget amount and lower than the cost estimate.

Ms. Smith described C & J as a small company that performs most of the work themselves. Ms. Smith said that C & J had a strong commitment to hiring residents. When performing previous services for the SFHA, 40% of their employment hours were dedicated to residents. C & J had already agreed to hiring graduates of the Sherwin Williams program. The work to be performed included surveying and verifying the existing conditions, removing the flaking and peeling lead based paint, in conformance with hazardous materials procedures, isolate all of the exterior lead based paint, spot priming, prime coating, and apply a finished coat of paint. Ms. Smith stated that the contractor's MBE/WBE participation became a concern. The contractor's efforts were reviewed by the Authority's Contracts and Procurement Department. They concluded that the contractor made a good faith effort and met the requirements of the SFHA. Ms. Smith distributed to the Commission the correspondence of the SFHA regarding the contractor's MBE/WBE compliance requirement. Ms. Smith said that the work is urgently needed and recommended approval of the resolution.

President Lee asked if the exterior of the building was being painted. Ms. Smith answered yes. President Lee inquired about how the old paint would be removed. Ms. Smith stated that the contractor would scrape the paint off, remove all flaking paint, apply prime, and then paint over it. Ms. Smith described the color scheme to have a townhouse effect when combined with the architectural features of the building. The residents were consulted in choosing the colors, which are a typical San Francisco schematic. President

Lee asked what kind of paint the contractor intends to use. Ms. Smith answered that they are considering Sherwin Williams because of the quality. Sherwin Williams is also offering a discount on lead paint removal. In answer to President Lee's next question, Ms. Smith stated that Juan Monsanto and James Mark worked with the residents to choose the colors. Mr. Fortner added that a complaint was received from Tessie Esther that the residents should have a voice in choosing the colors. President Lee inquired about the size of the firm and how long it would take them to complete the job. Steve, Manager and Office Coordinator of the project at C & J Painting Company, addressed the Commission. Steve stated that approximately 400,000 square feet would be painted. Twenty to thirty thousand square feet of the painting areas needed to be scraped. Steve explained that in order to protect the residents, all windows would be covered, the floor would be masked off, and the manual scraping would commence. Everything would be packed, vacuumed, tested, and then washed. A prime coat and two finished coats would be applied after. President Lee asked how the frame of the windws would be done. Steve explained that these buildings have newer windows and they would only have aluminum windows. Jimmy, owner of C & J, added that there is a border around the windows that will give a trimmed effect. President Lee suggested using a different color for the trim. C & J stated that they were planning to do so. Steve stated that C & J would employ approximately 10 people to complete the job. Two are Section 8 residents that worked on previous jobs. Sherwin Williams apprentices would also be employed.

Commissioner Smith asked if scraping would remove the lead. Steve replied that manually scraping the paint prevents exposure to the lead, whereas sanding the paint off would create dust particles of lead. The existing paint is to be manually scraped, the edges feathered and then it is primed. Technically, the surface is sealed.

Commissioner Woodruff asked if a 2-year guarantee is a standard warranty. Steve answered that a 2-year guarantee is the standard for repainted surfaces in all general contracts.

President Lee asked how long it would take to finish the job. Steve answered that they estimated it would take 120 days and should be completed before the rainy season begins. President Lee told the contractors to make sure the surface is dry before they begin painting again, if it rains.

Vice President Brown asked how many buildings would be painted. Steve answered that there are 50 buildings. Vice President Brown then asked Ms. Smith to define what a good faith effort is in regards to C & J's attempts to be MBE/WBE certified. Ms. Smith differed to Gerald Leroy of the Contracts and Procurement Department. Ms. Leroy stated that within the bid specifications that were issued to all solicitations, there was a list of items considered a good faith effort to show that they tried to meet the MBE/WBE 20% goal. Phone calls, faxing, posting on websites and advertising in newspapers were examples of how the contractor could show their effort. The businesses C & J claimed to contact were verified by the SFHA and C & J provided proof of their postings and

advertisements. Ms. Leroy stated that this was part of their 5-day submittal. Vice President Brown asked about the amendment issue brought up earlier in the meeting concerning Bay View Painting. Ms. Leroy explained that the SFHA received a letter from Bay View Painting stating that C & J omitted an item. The SFHA reviewed C & J's records and determined that they submitted a signed bid with the proper bid bond. C & J also signed an addendum. The addendum was to obtain the pricing of a particular item. The price did not have an impact on their bid because it was included in their base bid. C & J signed the addendum to certify that they intend to follow their bid and did not omit anything.

Commissioner Smith moved to approve Resolution No. 5169. Vice President Brown seconded the motion. The motion to approve Resolution No. 5169 was unanimously passed.

Item I of New Business was removed from the agenda.

Resolution No. 5170

(J) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH OLIVIA CHEN CONSULTANTS, INC. TO PROVIDE CIVIL ENGINEERING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $150,000.00

Steve Haines, of the Housing Development and Modernization Department presented the resolution. Mr. Haines reported that the approval of this resolution would enable the SFHA to obtain qualified civil engineering services to replace the expiring contract. Mr. Haines explained that civil engineers are obtained through a request for qualifications (RFQ). The solicitation was issued on March 8, 2004. The standard outreach for solicitations was performed. Three statements of qualifications were received. The SFHA used its normal evaluation process by using a panel from the modernization department to make the decision. Olivia Chen Consultants was ranked the highest. Mr. Haines stated that they had very good references and had a lot of experience with public agencies. Olivia Chen Consultants had won several professional awards for excellence in civil engineering. The evaluation panel determined that they were well qualified for this assignment.

Mr. Haines stated that over the next two-years, the Capital Fund Program had about $2 million in capital improvements. These included: landslide repairs, soil erosion stabilization, water main and sewer improvements, pavement and sidewalk repairs, and emergency responses. Mr. Haines reported that this is a planned procurement and the funds are available in the 2003 Capital Improvement Program. The Authority solidified billing rates similar to those paid in the past. The contract term is for 2-years, unless completed sooner. Olivia Chen Consultants agreed to hire SFHA residents to meet or

exceed the 25% requirement. They propose to do so by providing a paid student internship or an administrative assistant position. Olivia Chen Consultants was MBE/WBE certified by the Human Rights Commission. Mr. Haines stated that the firm had a diverse workforce in its office and had provided an affirmative action acknowledgement form. Mr. Haines recommended the Commission's approval.

Vice President Brown asked if there were any projects the consultants would begin working on immediately. Mr. Haines answered that there were projects included in the 5-year plan proposed for this year. At Sunnydale there was slide repair and erosion stabilization in an anticipated contract amount of $200,000. At Westside Courts, there were water main and sewer improvements estimated to cost $600,000. Mr. Haines stated that there are 15 projects ready to start this year.

President Lee asked if the previous contract was also with Olivia Chen Consultants. Mr. Haines answered that the previous contract was with Lee, Inc. and they did not score as well as the other two applicants in the RFQ process. President Lee asked if the SFHA had a previous working relationship with Olivia Chen Consultants. Mr. Haines answered that this would be the first time the SFHA works with this company. Olivia Chen came forward to address the Commission. Ms. Chen stated that her firm had worked with the SFHA in 1996 to do a sewer replacement program.

Vice President Brown asked if the slides previously mentioned were playground slides. Ms. Chen explained that their firm is multidisciplined that includes civil engineers, geotechnical engineers and water waste engineers. Ms. Chen stated that the SFHA's upcoming work was well suited for her company. Ms. Chen recited previous projects the company had worked on. She also clarified that they work on hillside slides and not playground slides.

President Lee asked if the rate of the previous contract was relatively the same. Mr. Haines answered that it was in the same range and that the SFHA informs the consultants that the SFHA would not exceed their previous rates over a small inflationary increment. Mr. Haines provided the Commission with a chart of consultant billing rates from 2002 – 2004. President Lee asked what the difference is between civil engineers and structural engineers. She also wanted to know if there was a disadvantage to not combining the two. Mr. Haines explained that civil engineers have to do with the land and what's in the land, whereas structural engineers have to do with what is above the ground. President Lee stated that she understood that structural engineers took care of everything five flights and up and civil engineers took care of everything five flights and down. Ms. Chen responded that civil engineers can, but prefer not to do it because they are not specialized in it. Structural engineering is one discipline of civil engineering. Often people consider structural engineering more glamorous than civil engineering.

Commissioner Woodruff moved to approve Resolution No. 5170. Commissioner Smith seconded the motion. The motion to approve Resolution No. 5170 was unanimously approved.

Resolution No. 5171

(K) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH THE KPA GROUP TO PROVIDE STRUCTURAL ENGINEERING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $100,000

Steve Haines, of the Housing Development and Modernization Department presented the resolution. Mr. Haines stated that this resolution would replace an expiring contract that was an RFQ in 2002. The standard outreach for solicitations was performed. Mr. Haines reported that the previous contract was also with the KPA Group. The resident employee was invited to the meeting, but not able to attend because of a conflict in his class schedule. Four responses were received and the KPA Group clearly ranked above the other three consultants. Mr. Haines stated that the SFHA has had very good results with the performance of the KPA Group. The KPA Group was also the Authority's architect. The structural engineer and architect work very closely together. Over $5 million in planned capital fund work was to be done over the next two years. The KPA Group is providing training for a resident employee, Wallace Bernard. Mr. Haines stated that the KPA Group is a small company with a diverse workforce. They were not MBE/WBE certified. Mr. Haines recommended approval of the resolution.

President Lee commended Mr. Haines for doing a good job on negotiating the contracts. Mr. Haines thanked her and acknowledged the other staff involved in the process.

Commissioner Woodruff moved to approve Resolution No. 5171. Commissioner Gans seconded the motion. The motion to approve Resolution No. 5171 was unanimously approved.

12. PUBLIC COMMENTS ON ITEMS NOT ON AGENDA

Jackie Sachs asked who is taking the place of Jim Williams as the head of security, would there be the same type of security in the developments, especially at the senior high-rise buildings, and if the Commission would be holding a joint meeting with the Police Commission soon. Ms. Sachs stated that a lot of the focus has been on Hunter's Point and Sunnydale because of the homicides in those areas, but she would like a meeting to be held at one of the senior sites. Ms. Sachs stated that more focus should be placed on the senior buildings as well because they have problems that people are not aware of. Mr. Fortner referred Ms. Sachs to Mike Roetzer to address her security concerns.

13. COMMISSIONER COMMENTS AND REPORTS

Commissioner Smith congratulated Belinda Morgan on her new position in the Office of Fair Housing. Ms. Morgan stated that she was now the Acting Deputy Administrator of Fair Housing and Resident Relations. Commissioner Smith said that Ms. Morgan is doing a fantastic job with the computer learning classes. Commissioner Smith also said that she was very proud of Eddie Kittrell in his work with the children. Commissioner Smith also recognized the hard work of Joyce Armstrong, Julissa Owens and the rest of the SFHA staff. Commissioner Smith said that the SFHA has some really good employees and sometimes the time should be taken to tell them so.

14. ADJOURNMENT

There being no further business to come before the Commission, Vice President Brown moved to adjourn the meeting. President Lee adjourned the regularly scheduled meeting of July 22, 2004 at 6:32 p.m.

Gregg Fortner, Secretary/Executive Director

Julie Lee, President

SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

NOTICE

THE REGULARLY SCHEDULED MEETING OF THE
SAN FRANCISCO HOUSING AUTHORITY COMMISSION
WILL BE HELD ON THURSDAY, AUGUST 12, 2004 AT 4:00 P.M.
AT 440 TURK STREET, SAN FRANCISCO, CALIFORNIA, 94102

A G E N D A
August 12, 2004

DOCUMENTS DEPT.

JUN - 8 2005

SAN FRANCISCO
PUBLIC LIBRARY

1. ROLL CALL

   Julie Lee, President
   George R. Brown, Vice President
   Sululagi Palega, Sr., Commissioner
   Betty J. Smith, Commissioner
   Neola Gans, Commissioner
   Rev. George Woodruff, Commissioner

2. APPROVAL OF AGENDA

3. APPROVAL OF MINUTES

   - July 22, 2004 Commission Meeting

4. GENERAL COMMUNICATIONS

5. REPORT OF SECRETARY

   - Audit Report for FY 2004
   - Insurance Presentation

6. COMMITTEE REPORTS

   Diversity Committee – Nothing to Report
   Finance Committee – Nothing to Report
   Personnel Committee – Nothing to Report

7. REPORT OF AGENCY COUNSEL

8. TENANT REPRESENTATIVE REPORT:
City Wide Council - Senior/Disabled
Public Housing Tenants Association (PHTA)

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

10. UNFINISHED BUSINESS - NONE

11. NEW BUSINESS

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A MEMORANDUM OF AGREEMENT BETWEEN THE SAN FRANCISCO HOUSING AUTHORITY AND THE SAN FRANCISCO POLICE DEPARTMENT FOR SUPPLEMENTAL LAW ENFORCEMENT SERVICES IN AN AMOUNT NOT TO EXCEED $1,000,000 PER YEAR

(B) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO TWO SEPARATE TWO-YEAR CONTRACTS FOR $50,000 EACH, ONE WITH SCA ENVIRONMENTAL, INC. AND ONE WITH KELLCO ENVIRONMENTAL SERVICES, INC., TO PROVIDE LEAD AND ASBESTOS CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $100,000 FOR THE TWO CONTRACTS

(C) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH F. W. ASSOCIATES, INC. TO PROVIDE ELECTRICAL ENGINEERING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $200,000

12. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

13. COMMISSIONER'S COMMENT AND REPORT

14. ADJOURNMENT

GREGG FORTNER, Secretary/Executive Director

A

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO, CA 94102 • PHONE (415) 554-1260 • FAX (415) 554-1268

Memorandum

DATE: August 12, 2004

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSION

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola J. Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A MEMORANDUM OF AGREEMENT BETWEEN THE SAN FRANCISCO HOUSING AUTHORITY AND THE SAN FRANCISCO POLICE DEPARTMENT FOR SUPPLEMENTAL LAW ENFORCEMENT SERVICES IN AN AMOUNT NOT TO EXCEED $1,000,000 PER YEAR**

OVERVIEW

The San Francisco Housing Authority (SFHA) has been working with the San Francisco Police Department (SFPD) for several months to develop an effective Community Policing program that provides supplemental law enforcement services to several large family developments.

For a number of years, the SFHA has provided armed private security services at all of our Big Four sites. While private security provides a level of protection and security, the officers are not police officers and their authority is limited. Private security officers cannot bring to bear the full assets of the SFPD. The SFHA currently spends approximately $2.1 million per year on private security.

As residents within the City and County of San Francisco, the residents of public housing receive regular, or baseline police services as any other resident. The streets within our developments are public streets. In March 2004, representatives of the Los Angeles County Housing Authority, the Los Angeles County Sheriff's Department, the SFPD Chief and Command Staff, and Housing

Authority staff met to discuss a highly successful community policing program that has been in use in Los Angeles County for a number of years. At about the time of this meeting, there was a spike in violence in and around some of our Big Four communities. It was the consensus of this group that a new approach to security, using supplemental community police officers assigned to the communities, could make a difference in bringing criminal activities under control. As a result of the SFPD's focus on solving homicides and other violent crimes, they decided to implement a community policing effort in April 2004, before any formal agreement had been reached with the SFHA. Since April 2004, the SFPD and SFHA have been cooperating on the development of a Memorandum of Agreement (MOA) that would formalize the acquisition of community-based supplemental police services. The MOA that has been developed is before you today and if adopted, will be effective July 1, 2004. The initial sites to receive supplemental community police services under this MOA are Sunnydale, Potrero, Hunters Point, Westbrook Apartments, and Hunters View. A total of sixteen (16) community police officers are currently assigned to these locations.

The resolution presented today will formalize the already strong commitment of the SFPD and SFHA to a high level of supplemental police services to provide for the safety and security of our residents and reduce criminal activities on and around our communities. This MOA is for a period of two (2) years.

As stated above, on their own initiative, the SFPD began providing supplemental police services as of April 24, 2004. The SFPD was aware of the terms and conditions of this MOA as it was being drafted and the services that have been provided largely follow the provisions of the draft MOA. The fiscal year for the SFPD begins on July 1 and they have asked that payments under this agreement be made as of the start of their fiscal year.

ANTICIPATED OUTCOME

The approval of this item will allow the Executive Director to enter into a MOA with the SFPD to provide supplemental community police services to several of the SFHA's large family communities. The police officers have volunteered to provide supplemental community police services at these communities and are expected, over time, to build and enhance the relationship between the community and the police, increase the likelihood of positive interactions with adults and youth in the communities, and reduce criminal and violent activities in the communities. The communications between the SFHA site personnel and the community police officers will be greatly enhanced by daily interactions and frequent formal meetings.

SCOPE OF SERVICES UNDER THE MOA
(PARTIAL LIST)

- Sixteen officers dedicated to four sites
- Officers are volunteers
- Officers agree to a one (1) year assignment
- Within the first 60 days officers are at a site, they will go door-to-door to introduce themselves to the residents
- At least 50% of each shift will be spent on foot or bike patrols
- Substations will be opened at each site
- The officers will become involved with the youth at the site in recreational and other programs to create positive interactions
- The basic work shift for the officers will be 12 hours

- Officers will maintain a flexible work schedule to provide maximum coverage
- Community officers will be in "no-call" cars and will not be called off their community policing assignments unless there is an emergency
- The officers will provide information to the SFHA on activities they observe on the site
- The community officers and SFPD will develop strategies to deal with drug and gang activities to include prevention, intervention and enforcement
- Community officers will meet with Property Site Managers daily and attend formal meetings as scheduled
- Community officers will assist in enforcing no trespassing, removing squatters in units, and evictions
- Community officers will work with probation and parole officers to ensure that probationers and parolees who frequent public housing sites are identified

WHO BENEFITS

Residents benefit by having officers who want to be in their communities working there after making a commitment to remain in the community for at least a year. The presence of dedicated community police officers, supplementing baseline police services, changes the dynamics of the community by allowing residents to feel safer, and sends a message to those who might engage in criminal activities that the police are in the community to stay and criminal activities will be observed and dealt with.

BUDGET CONSIDERATIONS

The cost of providing supplemental community police services will be allocated between Low-Income and Capital Fund Program budgets. Changing from private security at these sites to the SFPD under the MOA will generate savings that will be reallocated to pay for the supplemental police services. The costs under the MOA have been and will continue to be included in these budgets for the period covered by this resolution.

RECOMMENDATION

Adopt the resolution to authorize the Executive Director to enter into a MOA with the SFPD for supplemental community policing services for a period not to exceed two (2) years at a cost not to exceed $1,000,000 per year.

RESOLUTION NO. 5172
DATE ADOPTED 8/12/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A MEMORANDUM OF AGREEMENT BETWEEN THE SAN FRANCISCO HOUSING AUTHORITY AND THE SAN FRANCISCO POLICE DEPARTMENT FOR SUPPLEMENTAL LAW ENFORCEMENT SERVICES IN AN AMOUNT NOT TO EXCEED $1,000,000 PER YEAR

WHEREAS, Federal Regulations and San Francisco Housing Authority policies require that we provide safe housing for our residents; and

WHEREAS, various housing developments owned by the Housing Authority are entirely within the boundaries of the City and County of San Francisco and located on city owned streets; and

WHEREAS, the San Francisco Police Department (SFPD) is required to provide baseline police services to our residents of the same quality and character as furnished to other residents; and

WHEREAS, the Housing Authority has experienced various levels of crime, including drug and gang problems at some of its developments; and

WHEREAS, it is the common goal of the Housing Authority and the SFPD to provide a supplemental law enforcement program to reduce crime and fear of crime at Authority properties; and

WHEREAS, the SFPD is willing, for a fee, to provide dedicated supplemental community policing services at some of our largest family properties to reduce criminal activities and violence and enhance the safety of the families residing in these communities; and

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a Memorandum of Agreement between the San Francisco Police Department and the Housing Authority to provide supplemental community policing services in an amount not to exceed $1,000,000 per year for the period July 1, 2004 through June 30, 2006.

2. The Executive Director is authorized to approve and implement this Memorandum of Agreement immediately covering services provided as of July 1, 2004.

APPROVED AS TO FORM AND LEGALITY:

Donna Martin
DONNA MARTIN, General Counsel

Date 8-6-04

REVIEWED BY:

GREGG FORTNER, Executive Director

Date 8/6/04

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected Vice President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on August 12, 2004:

RESOLUTION NO. 5172

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A MEMORANDUM OF AGREEMENT BETWEEN THE SAN FRANCISCO HOUSING AUTHORITY AND THE SAN FRANCISCO POLICE DEPARTMENT FOR SUPPLEMENTAL LAW ENFORCEMENT SERVICES IN AN AMOUNT NOT TO EXCEED $1,000,000 PER YEAR

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
George R. Brown
Sululagi Palega, Sr.
Betty J. Smith
Neola Gans
George Woodruff

AGAINST ADOPTION:

ABSENT (EXCUSED):
Julie Lee

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 9, 2004.

George R Brown

George R. Brown, Vice President
SFHA Commission

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Francisco, CA • 94112 • (415) 554-1200

DATE: AUGUST 6, 2004

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

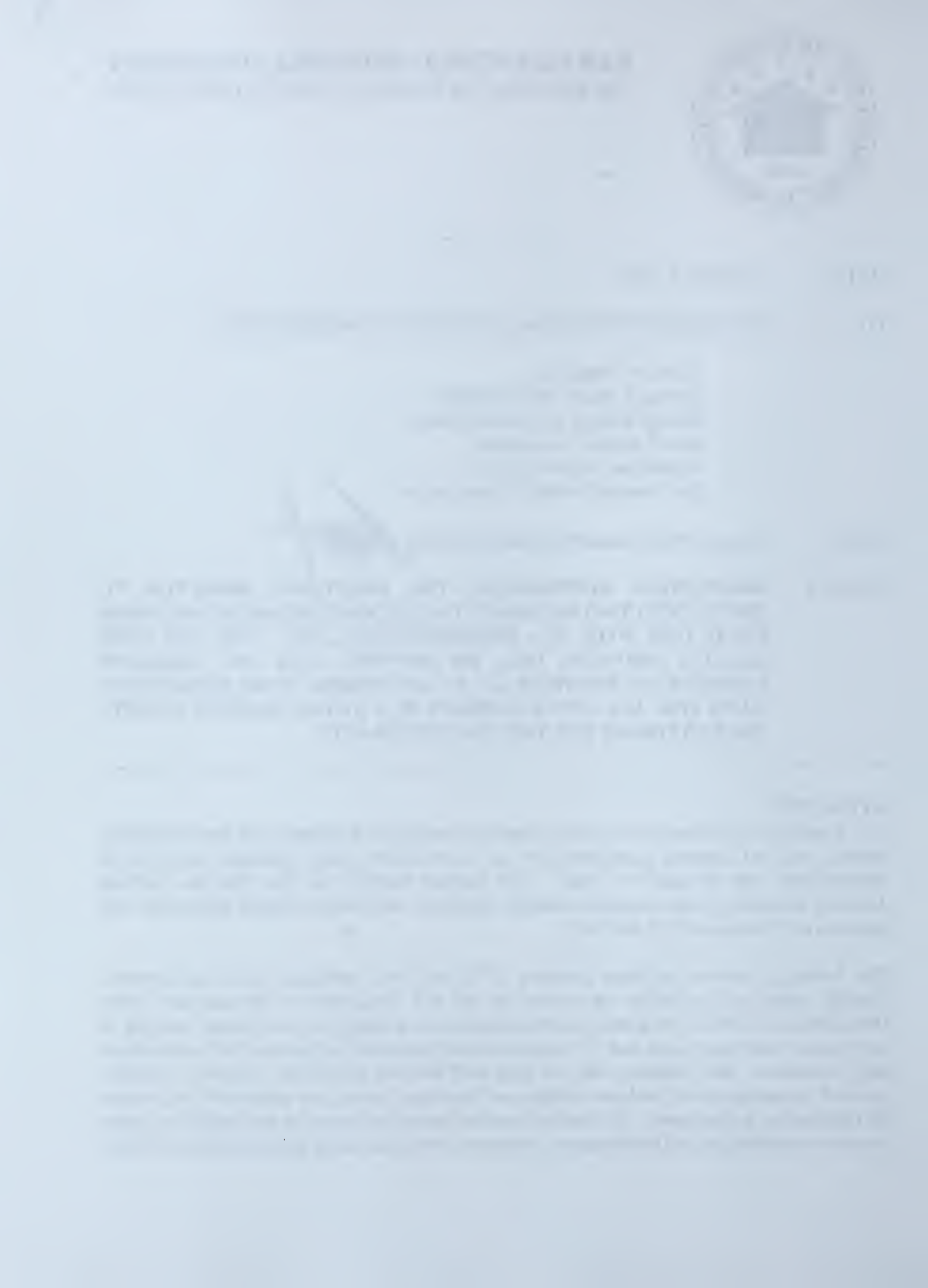
FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO TWO SEPARATE TWO-YEAR CONTRACTS FOR $50,000 EACH, ONE WITH SCA ENVIRONMENTAL, INC. AND ONE WITH KELLCO SERVICES, INC., TO PROVIDE LEAD AND ASBESTOS CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $100,000 FOR THE TWO CONTRACTS**

OVERVIEW

This Resolution authorizes the Executive Director to enter into a contract with the two highest-ranking lead and asbestos consultant firms on an as-needed, task assignment basis for all developments over the next two years. This contract provides the San Francisco Housing Authority (Authority) with hazardous material consultant services for planned renovations and upgrades for fiscal years 2004 and 2005.

The Authority operates buildings predating 1973 that have lead-based paint and asbestos. Periodic testing and evaluation are required by the U.S. Department of Housing and Urban Development (HUD) (1) to update recommendations for management and proper handling of asbestos and lead-based paint, and (2) to ensure proper procedures are followed with renovations and maintenance. The Authority does not have staff with the specialized expertise or licenses required to investigate and evaluate asbestos and lead-based paint, or to prepare bid documents for stabilization or abatement. This contract provides specialized expertise and guidance to assist both the Modernization and Maintenance Departments with lead-based paint and asbestos issues.



OBJECTIVE

The objective of this contract is to provide the Authority with competent, professional, and licensed lead and asbestos consultants on an as-needed, task assignment basis, to assess the needs and provide technical expertise to ensure that:

1. Resident families (especially children), workers, and the general public are protected from inappropriate exposure to lead and asbestos hazards.

2. The management of lead based paint (LBP) coated materials is conducted according to statutory requirements and current "good practice" guidelines.

The Authority has initiated an aggressive rehabilitation program with Capital Fund Program funds, and anticipates that this rehabilitation activity will disturb LBP at some of its facilities. The funds authorized by this contract will provide lead and asbestos consulting services to ensure that LBP and asbestos-containing materials are identified, and handled in a safe manner.

The task assignment services may include:

1. Respond promptly to investigate lead incidents and emergencies and recommend remedial actions.

2. Conduct lead hazard risk assessment for any apartment units occupied by an elevated blood lead child.

3. Conduct lead hazard risk assessments according to HUD Regulations for family developments.

4. Prepare comprehensive specifications and mark drawings to indicate where LBP and asbestos components have been identified for abatement work, interim controls, or for building demolition.

5. Provide oversight, inspection and clearance testing, technical assistance, and guidance for work on LBP including demolition and renovation work, abatement activities, and maintenance work.

6. Provide training classes, prepare safe work procedures, and conduct exposure sampling for Authority personnel on lead and asbestos work to assure it is in accordance with regulatory mandates and the HUD Regulations.

7. Conduct LBP testing of building materials as needed to prepare work plans for lead-related work, or to provide the required notification to a contractor of the presence of hazardous materials in accordance with HUD Regulations.

8. Assist the Authority to provide notification of lead-related work activities and/or to report the presence of potential lead and asbestos hazards to residents, workers, the general public and government agencies as required by Federal, State, and local regulations.

9. Provide general consultation to the Authority on issues related to lead and asbestos hazards.

10. Attend meetings as required.

PROCUREMENT

The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws.

The Authority and all public agencies in California are required by State and Federal law to select engineering consultants on the basis of qualifications in the form of a Request for Qualifications (RFQ).

Solicitation Process

Pre-approval of this RFQ document and process was obtained from Authority management prior to advertisement. The Housing Development and Modernization Department developed this specific RFQ document based on the Authority's master procurement documents prepared by the Procurement and Contracts Department. The Procurement Department reviewed and approved the documents prior to the start of the RFQ process.

Solicitation 03-620-RFQ-066 was issued on March 1, 2004. Announcement of the RFQ was made to the City Outreach Services and was put on the web sites for the Authority, the City, and the Small Business Administration. The notice of the RFQ was published in the San Francisco Chronicle/Examiner, Daily Pacific Builder, Sing Tao Daily, and the San Francisco Bay View. Announcements and RFQ packets were mailed directly to nine prospective professional firms.

Six Statements of Qualifications were received on the due date of March 30, 2004.

Evaluation Process

In conformance with the Authority's Procurement Procedures Manual, the Evaluation Panel individually reviewed the written Statements of Qualifications. At the same time, staff checked the references provided by each firm and provided the results to the Evaluation Panel members. Each respondent was scored against the criteria given below. The results were summarized and the firms ranked. The Evaluation Panel then invited the three highest ranking responding firms for oral interviews. After the interviews, the Evaluation Panel prepared a final evaluation and scoring to select the firms with the highest-ranked qualifications.

Evaluation Criteria

Listed below are the evaluation criteria and their relative weight. Described in italics are the reasons for the different criteria. The evaluation criteria are based on the Authority's standards for Request for Qualifications questions and weighing contained in the Authority's Procurement Procedures Manual. The Director of Contract/Procurement Division approved the criteria and weighting given to each.

No.	Criteria & Reason	Weight
A	Criterion: Qualifications. *This allows evaluation of the firm's technical expertise as measured by the quantity and type of work performed by the firm and its years in business.*	20 points
B	Criterion: Staff Profiles. *This provides insight into the quality of the staff as measured by their professional degrees, licenses, and experience with the type of work required by this contract. The local staff size and their credentials is a quantitative measure of their knowledge, and are indicative of their ability to respond quickly with qualified staff.*	25 points
C	Criterion: Understanding of the project. *This demonstrates the firm's familiarity with elevator issues most frequently encountered with urban public housing in both family housing and mid-rise buildings. A firm with this experience is most capable of providing economical, efficient solutions to by the Housing Authority.*	20 points
D	Criterion: Approach to Project. *This item allows us to determine that the selected firm not only has office technical skills but also possesses sufficient field experience to effectively deal with field problems and contractor issues.*	25 points
E	Criterion: Affirmative Action. *This allows evaluation of the firm's commitment to MBE/WBE participation.*	5 points
F	Criterion: Affirmative Action. *This allows evaluation of the firm's commitment to hiring and training Authority residents.*	5 points
	Total	100 points

The following is the combined scoring results of the written proposals and interviews:

FIRM	WRITTEN	INTERVIEW	TOTAL	RANK
SCA Environmental, Inc.	264	274	**264**	**1**
KELLCO Services, Inc.	201	258	**201**	**2**
Winzler & Kelly	195	227	**195**	**3**
Sigma Engineering, Inc.	188	Not in the competitive range		
ProTech Consulting & Engineering	154	Not in the competitive range		
Hazard Management Services, Inc.	138	Not in the competitive range		

Evaluation Panel Conclusions
For hazardous material consulting work, the Authority desired to have two firms available in order to ensure our ability to quickly respond to any situation.

By its scoring and ranking, the Evaluation Panel determined that SCA and KELLCO were clearly the top-rated firms. SCA and KELLCO had prior experience with HUD, public agencies, and institutions, and have consulted with other housing authorities. SCA has had prior contracts with the Authority that were performed more than satisfactorily. The reference checks on the two firms produced no negative comments.

SCA Environmental, Inc. is a small Minority Business Enterprise certified by the San Francisco Human Rights Commission. Established in San Francisco in 1992,. has eight technical staff members with experience in asbestos and lead work, two Certified Industrial Hygienists, three Professional Engineers, three certified Site Surveillance Technicians, and numerous Department of Health Services (DHS) Certified Lead Assessors/Inspectors and environmental specialists - all with current lead and asbestos licenses.

KELLCO Services, Inc. is a small Hayward firm established in 1985. KELLCO is a Federal 8A company and meets the requirements for both a small and disadvantaged business. KELLCO has nine technical staff members with experience in Asbestos Management Planner and Project Design. Seven of the nine staff members have Lead-Based Paint Inspector/Assessors licenses, Project Monitor licenses, Supervisor licenses, and Project Designer licenses.

The Evaluation Panel also noted that SCA and KELLCO confirmed their ability to respond immediately to task assignment proposal requests, and to immediately test for Lead and Asbestos issues that are considered life safety situations. Moreover, the firms have an on-going working relationship with HUD and OSHA and have current licenses. The two firms' principals indicated a willingness to provide excellent consulting services. The principals demonstrated a thorough understanding of the type of work that will be required.

Evaluation Panel Members
Chairperson: Architect, Housing Development and Modernization Department, Project Manager. Selected for expertise in public housing design and construction, procurement, and lead and asbestos consultant management.

Member: Maintenance Department, Manager, Inspection and Scheduling. Selected for expertise in lead and asbestos in public housing maintenance.

Member: Architect, Housing Development and Modernization Department, Senior Project Manager. Selected for previous expertise in lead and asbestos consultant services management.

PRESENT SITUATION

The Authority presently has many projects that require asbestos and lead based paint remediation and assessments. Consultant projects will include: boiler replacements, abandoned hot water lines, peeling lead based paints and asbestos assessments, window alterations that have asbestos caulking, serpentine (>5% asbestos) rock removal, water damage, dry rot, and termite repairs.

The current Lead and Asbestos Consultant Services contract with SCA Environmental, Inc. was procured in late 2002, and has nearly been exhausted after completion of 26 task assignments. The Authority now desires to have contracts with two consultants to provide services on as-needed basis, task assignment basis, which will allow the Authority to negotiate and compare the fees for a given scope of work.

ANTICIPATED OUTCOMES

If these contracts are approved the anticipated outcomes are:

- The Authority will receive quality asbestos and lead consultant services to investigate and evaluate life safety hazards, to make recommendations for the proper handling of asbestos and lead-based paint during modernization and improvements to existing buildings, and for advice on maintenance activities.
- The Authority will obtain comprehensive construction documents for public bidding within an agreed estimated construction cost for hazardous material work.
- The Authority will have the ability to better negotiate the consultant fees when we have two consultants.
- The Authority will receive professional guidance on changes to the strict HUD, CAL OSHA, Safety Orders of the Division of Industrial Safety of the California Department of Industrial Relations, and with all Federal, State and City Codes and Regulations.
- The Authority will obtain expertise for prioritizing the modernization, up-grades, and maintenance needs while ensuring safety, and compliance with local Codes and HUD requirements.
- Residents will have the opportunity for training and employment.

WHO BENEFITS

Residents will benefit from a safer living environment. Workers will benefit by working in safe conditions. The Authority will benefit from reduced liability. Residents also will benefit by the skills developed through employment in the consultants' offices.

BUDGET CONSIDERATIONS

Funding for these planned contracts is available within the FY2003 Capital Fund Program. The service term for these two-year contracts will be for the Authority's fiscal years 2004 and 2005.

RESIDENT EMPLOYMENT

SCA and KELLCO have agreed to hire public housing residents to meet or exceed the 25% requirement established by Commission Resolution No. 4967 for non-construction contracts that exceed $50,000. They have contacted the Authority's resident hiring specialist to seek out and interview qualified Authority residents for job opportunities in their office. Over 100 hours of full-time employment of public housing residents will be provided in each of these two contracts. SCA has an excellent record of resident hiring and training and achieved 28% resident participation in its last two contracts with the Authority.

MBE/WBE STATUS

SCA is a Minority-Owned Business Enterprise. KELLCO is a Woman-Owned Business Enterprise. Both firms are Small Business Concerns. They have a diverse workforce in their offices and have provided Affirmative Action Acknowledgement forms that meet the requirements of Executive Order 11246.

RECOMMENDATION

SCA and KELLCO are well-qualified firms judged well able to deliver superior services to the Authority. Staff recommends approval of this Resolution.

(Prepared by Barbara Smith, Bob Dahlstrom and James Mark, Housing Development and Modernization Department

RESOLUTION NO. 5173
DATE ADOPTED: 8/12/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO TWO SEPARATE TWO-YEAR CONTRACTS FOR $50,000 EACH, ONE WITH SCA ENVIRONMENTAL, INC. AND ONE WITH KELLCO ENVIRONMENTAL SERVICES, INC., TO PROVIDE LEAD AND ASBESTOS CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $100,000 FOR THE TWO CONTRACTS

WHEREAS, the San Francisco Housing Authority (Authority) requires consultants who can provide hazardous material consultant services on an as-needed, task assignment basis; and

WHEREAS, the Authority has programmed capital work funded with the FY 2004 and FY 2005 Capital Fund Programs which will require these services; and

WHEREAS, SCA Environmental, Inc. and KELLCO Services, Inc. have been selected through the Request for Qualifications process as the most qualified firms for this work; and

WHEREAS, funding is available within the FY 2003 Capital Fund Program budget; and

WHEREAS, the procurement process for this contract meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1 "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities," the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into two separate two-year contracts for $50,000 each, one with SCA Environmental, Inc. and one with KELLCO Services, Inc., to provide lead and asbestos consultant services on an as-needed, task assignment basis for all Developments in a total amount not-to-exceed $100,000 for the two contracts.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Martin
DONNA MARTIN, General Counsel

Date: 8-6-04

REVIEWED BY:

GREGG FORTNER, Executive Director

Date: 8/6/04

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected Vice President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on August 12, 2004:

RESOLUTION NO. 5173

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO TWO SEPARATE TWO-YEAR CONTRACTS FOR $50,000 EACH, ONE WITH SCA ENVIRONMENTAL, INC. AND ONE WITH KELLCO ENVIRONMENTAL SERVICES, INC., TO PROVIDE LEAD AND ASBESTOS CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $100,000 FOR THE TWO CONTRACTS

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
George R. Brown
Betty J. Smith
Neola Gans
George Woodruff

AGAINST ADOPTION:

ABSENT (EXCUSED):
Julie Lee
Sululagi Palega, Sr.

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 9, 2004.

George R Brown

George R. Brown, Vice President
SFHA Commission

C

SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco CA • 94112 • (415) 554-1200

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: GREGG FORTNER, SECRETARY / EXECUTIVE DIRECTOR

DATE: August 6, 2004

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH F. W. ASSOCIATES, INC. TO PROVIDE ELECTRICAL ENGINEERING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $200,000

OVERVIEW

This Resolution will authorize the Executive Director to enter into a contract with the highest-ranked electrical engineering firm on an as-needed, task assignment basis for all developments over the next two years. The contract will provide the San Francisco Housing Authority (Authority) with electrical engineering services for over $3 million in planned electrical capital improvements from the Capital Fund Programs funds for 2003 and 2004 for operational fiscal years 2004 and 2005.

OBJECTIVE

The objective of this contract is to provide the Authority with a competent, professional, licensed electrical engineering consultant firm to assess the need, design the solution, prepare construction documents for public bidding, and provide technical expertise to evaluate the contractor's construction and performance under the contract.

The task assignment services may include the following:

Existing Facilities:

1. Provide field and office testing and investigations, evaluations, analysis and reports in writing;

2. Develop recommendations and cost estimates to provide corrective actions to any problems revealed in a particular portion of the work;

3. Prepare comprehensive construction documents for public bidding within an estimated construction cost;

4. Apply for and obtain building permits; and/or

5. Prepare comprehensive construction documents for construction work performed by the Authority's crafts people.

New Construction:

6. Provide Programming;

7. Prepare schematic designs, design developments, outline specifications, construction cost estimates;

8. Prepare comprehensive construction documents for public bidding within an estimated construction cost;

9. Apply for and obtain building permits; and/or

10. Prepare comprehensive construction documents for construction work performed by the Authority's crafts people.

General

11. Assist with clarifications during the bid process, evaluation of bids received process, contract award and pre-construction phases;

12. Assist the Authority's staff during the construction phase by providing construction administration support services such as clarifications, review of proposed contract changes, performing periodic site inspections, and conducting a final survey to determine if the work performed was in accordance with the project plans and specifications;

13. Attend meetings as required.

Certain task assignments may require the Consultant to retain sub-consultants acceptable to the Authority, or to manage or coordinate with the Authority's other engineering consultants.

PROCUREMENT

Pre-approval of this RFQ document and process was obtained from Authority management prior to advertisement. The Housing Development and Modernization Department developed this specific RFQ document based on the Authority's master procurement documents prepared by the Procurement and Contracts Department. The Procurement Department reviewed and approved the documents prior to the start of the RFQ process.

The procurement process for the action covered by this Resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and the State of California and local laws.

The Authority and all public agencies in California are required by State and Federal law to select engineers on the basis of qualifications in the form of a Request for Qualifications (RFQ). The highest-ranked firm is selected, subject to the negotiation of fair and reasonable compensation. If agreement cannot be reached, the Authority will negotiate with the next highest-ranked firm, and so on until a fair and reasonable price is obtained.

Solicitation Process

Solicitation 04-620-RFQ-020 was issued on May 19, 2004. Announcement of the RFQ was made to the City Outreach Services and was put on the web sites for the Authority, the City, and the Small Business Administrations. The notice of the RFQ was published in the San Francisco Chronicle/Examiner, Daily Pacific Builder, Sing Tao Daily, and the San Francisco Bay View. Announcements were faxed and e-mailed directly to 53 prospective professionals firms, including 18 MBE/WBE firms from the San Francisco Human Rights Commission list, 30 firms from the Contractors Blue Book, and 5 firms that had responded to prior RFQs.

Seven Statements of Qualifications were received on the June 22, 2004 due date.

Evaluation Process

In conformance with the Authority's Procurement Procedures Manual, the Evaluation Panel individually reviewed and scored the written Statements of Qualifications. At the same time, staff checked the references provided by each firm and provided the results to the Evaluation Panel members. Then, the Evaluation Panel invited the three highest-ranked firms for oral interviews. After the interviews, the Evaluation Panel prepared a final evaluation and scoring to select the firm with the highest-ranked qualifications.

Evaluation Criteria

Listed below are the evaluation criteria and their relative weight. Described in italics are the reasons for the different criteria. The evaluation criteria are based on the Authority's standards for Request for Qualifications questions and weighing contained in the Authority's Procurement Procedures Manual. The Director of Contract/Procurement Division approved the criteria and weighting given to each.

NO.	CRITERIA & REASON	WEIGHT
A	Criterion: Qualifications. *This allows evaluation of the firm's technical expertise as measured by the quantity and type of work performed by the firm and its years in business.*	20 points
B	Criterion: Staff Profiles. *This provides insight into the quality of the staff as measured by their professional degrees, licenses and experience with the type of work required by this contract. The local staff size and their credentials is a quantitative measure of their knowledge, and is indicative of their ability to respond quickly with qualified staff.*	20 points
C	Criterion: Understanding of the project. *This demonstrates the firm's familiarity with modernization and rehabilitation issues most frequently encountered with urban public housing in both family housing and mid-rise buildings. A firm with this experience is most capable of providing economical, efficient solutions to the Authority.*	40 points
D	Criterion: Approach to Project. *This item allows us to determine that the selected firm not only has office technical skills but also possesses sufficient field experience to effectively deal with field problems and contractor issues.*	15 points
E	Criterion: Affirmative Action. *This allows evaluation of the firm's commitment to MBE/WBE participation and analysis of its detailed plan for hiring and training Authority residents.*	5 points
	Total	100 points

The following are the ranking results of the combined written proposals and the interviews:

FIRM	WRITTEN	INTERVIEW	TOTAL	RANK
F. W. ASSOCIATES, INC.	279	259	538	1
TMAD ENGINEERS	211	211	422	2
RAY JUACHON	201	184	385	3
AJMANI & PAMIDI INC.	190	Not in the competitive range		
TURPIN & RATTAN	170	Not in the competitive range		
NBA ENGINEERING, INC.	164	Not in the competitive range		
SKM	148	Not in the competitive range		

Evaluation Panel Conclusions
By their scoring and ranking, the Evaluation Panel determined that F. W. Associates, Inc. was clearly the top-rated firm. F. W. Associates, Inc. has successfully completed the previous contract with the Authority for as-needed electrical engineering services in a satisfactory manner. The reference checks on the firm produced no negative comments, and the firm is not on the federal Excluded Parties List.

F. W. Associates, Inc. is a local firm of twenty people, including seven professional electrical engineers, six CADD/Designers, five electrical engineer/designers, and two administrative/accounting staff. Their portfolio includes designs and retrofits on multifamily housing developments. They have successfully completed previous contracts with the City and County of San Francisco at City Hall, the Airport, and the California Academy of Sciences, and have provided electrical engineering services to a wide variety of local residential developments for both private and non-profit organizations. F. W. Associates, Inc. is well qualified to design practical and cost-effective solutions to planned Authority undertakings.

Evaluation Panel Members
Chairperson: Architect, Housing Development and Modernization Department, Senior Project Manager. Selected for expertise in public housing design and construction, procurement, and consultant management.

Member: Electrical Foreman, Central Services Division, Public Housing Operations Department. Selected for expertise in the Authority's public housing maintenance and modernization programs.

Member: Architect, Housing Development and Modernization Department, Project Manager. Selected for expertise in public housing design and construction.

PRESENT SITUATION
The current electrical engineering consultant contract is expiring after successful completion of the assigned tasks. Seventeen separate task assignments were completed, including hardwired smoke detector systems, emergency generators, exterior security lighting, fire alarm systems, and miscellaneous electrical repairs.

The planned capital work over the next two years includes over $3 million per year, including hardwired smoke detector systems, emergency generators, exterior security lighting, fire alarm systems, electrical designs for modifications to program spaces, and miscellaneous electrical work. The Authority also needs to have consultants under contract in order to be able to react quickly to any emergency situations that may arise.

ANTICIPATED OUTCOMES

If this contract is approved the anticipated outcomes are:

- The Authority will receive quality electrical engineering services for the Capital Fund Program.
- The Authority will be able to comply with all Federal, State and City Codes and Regulations.
- The Authority will provide a safer and efficient service to residents.
- Residents will have opportunity for training and employment.

WHO BENEFITS

Residents benefit from having appropriate electrical engineering services for all contracted and in-house construction work. Inadequately designed or constructed improvements can be detrimental to the health and well being of residents. Poorly designed capital improvements also run the risk of code violations. Residents also benefit by the Authority's ability to respond quickly to emergency situations.

BUDGET CONSIDERATIONS

Funding for this planned contract is immediately available within the FY2003 Capital Fund Program. The Authority and all public agencies in California are required by State and Federal law to select engineering consultants on the basis of qualifications in the form of a Request for Qualifications (RFQ). After the most-qualified firm is selected, the hourly billing rates and reimbursable expenses are negotiated. The Authority has negotiated hourly billing rates, provided in confidential Attachment A, which are consistent with the hourly rates the Authority has paid for electrical engineers in the past.

The service term for this contract will be for the Authority's fiscal years 2004 and 2005. The contract time will be two years, or less if there is an increase in the volume of Capital Fund work and the consultant completes all assigned tasks.

RESIDENT EMPLOYMENT

F. W. Associates, Inc. indicated willingness to meet or exceed the twenty-five percent resident hiring goal by continuing their employment of a Sunnydale resident as a CADD Operator trainee in their office under their expiring contract with the Authority. The training provides the resident with opportunities to:

- Learn how an electrical engineering consultant firm works, from marketing for a project to substantial completion of construction

- Learn computer drafting skills / applications (CADD)
- Apply CADD skills on actual design projects
- Sit in on meetings with clients
- Assist with design project documentation and administrative tasks
- Accompany staff to construction sites

MBE/WBE STATUS

F. W. Associates, Inc., with its staff of 20 and two offices (San Francisco and Oakland), is a small local Minority Business Enterprise. It has a diverse workforce in its office and has provided an Affirmative Action Acknowledgement form that meets the requirements of Executive Order 11246.

RECOMMENDATION

Staff recommends approval of this Resolution.

(Prepared by Barbara Smith and Steve Haines, Housing Development and Modernization Department)

RESOLUTION NO. 5174
DATE ADOPTED: 8/12/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH F. W. ASSOCIATES, INC. TO PROVIDE ELECTRICAL ENGINEERING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $200,000

WHEREAS, the San Francisco Housing Authority (Authority) requires electrical engineering consultants who can provide electrical engineering services on an as-needed, task assignment basis; and

WHEREAS, the contract with the current electrical engineering consultant is almost completed; and

WHEREAS, the Authority has programmed capital work funded with the FY 2003 and FY 2004 Capital Fund Programs which will require electrical engineering design and construction administration services; and

WHEREAS, F. W. Associates, Inc. has been selected through the Request for Qualifications process as the most qualified firm for this work; and

WHEREAS, funding is available within the FY 2003 Capital Fund Program budget; and

WHEREAS, the procurement process for this contract meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1 "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual, and the State of California and local laws.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into a two-year contract with F. W. Associates, Inc. to provide Electrical Engineering Services on an as-needed, task assignment basis for all developments in a total amount not-to-exceed $200,000.

2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Martin
DONNA MARTIN, General Counsel

Date: 8-6-04

REVIEWED BY:

GREGG FORTNER, Executive Director

Date: 8/6/04

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected Vice President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on August 12, 2004:

RESOLUTION NO. 5174

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH F. W. ASSOCIATES, INC. TO PROVIDE ELECTRICAL ENGINEERING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $200,000

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
George R. Brown
Betty J. Smith
Neola Gans
George Woodruff

AGAINST ADOPTION:

ABSENT (EXCUSED):
Julie Lee
Sululagi Palega,Sr.

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 9, 2004.

George R Brown

George R. Brown, Vice President
SFHA Commission

HOUSING AUTHORITY
OF THE
CITY AND COUNTY OF SAN FRANCISCO

Minutes of Regular Meeting
Thursday, August 12, 2004

440 Turk Street
San Francisco, California

The Housing Authority of the City and County of San Francisco met in a regularly scheduled meeting at 440 Turk Street, San Francisco, California on Thursday, August 12, 2004, at 4:00 p.m.

President Julie Lee called the meeting to order at 4:06 p.m.

DOCUMENTS DEPT.

JUN - 8 2005

SAN FRANCISCO
PUBLIC LIBRARY

1. ROLL CALL

Roll call found the following members to be:

PRESENT: *George R. Brown, Vice President*
Sululagi Palega, Sr., Commissioner (excused at 5:01 p.m.)
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner (arrived at 4:17 p.m.)

ABSENT: *Julie Lee, President*
A quorum was present.

ALSO PRESENT: *Mr. Gregg Fortner, Executive Director*
Ms. Donna Martin, Agency Counsel

2. APPROVAL OF AGENDA

Executive Director, Gregg Fortner asked to amend the agenda to state that the Audit Report under the Report of Secretary was for FY 2003 and not 2004. Commissioner Smith moved to approve the agenda as amended. Commissioner Gans seconded the motion. The motion to approve the agenda as amended was unanimously passed.

3. APPROVAL OF MINUTES

Commissioner Gans moved to approve the minutes of July 22, 2004. Commissioner Smith seconded the motion. The motion to approve the minutes of the July 22, 2004 Commission Meeting was unanimously passed.

4. GENERAL COMMUNICATIONS

Executive Director, Gregg Fortner stated that within the Commissioners' folders were the Commission Request Log and an updated Lease-Up report. Mr. Fortner stated that last year, the SFHA was criticized for having over 500 vacancies throughout the agency. It was not taken into consideration that the SFHA housed over 2,500 Section 8 recipients at that time. Within a year, the SFHA had reduced that number to 281 vacant units. One hundred sixty five of the units could immediately be repaired. One hundred sixteen units must be repaired by the Modernization Department because they have over $6,000.00 in damages. Mr. Fortner acknowledged staff for a job well done in bringing down the vacancy numbers. He also stated that the SFHA had between 40 and 60 vacancies per month. This meant that the staff housed an additional 600 residents. The next item was an update of the bond measure for Valencia Gardens. The letter acknowledged that the proposed issuance had been accepted and the bonds would be issued. Next was the shooting incident report. Mr. Fortner stated that the report included all incidences since January 2004 and there was a significant decrease in the number of shootings since the community policing program was initiated. None of the victims were known public housing residents. The last item in the folder was a copy of the letter to be sent to the independent auditors and a full copy of the audit approved by the Commission.

Commissioner Palega asked if the shooting victims were visitors, had family that lived in public housing or were just loitering on public housing property. Mr. Fortner explained that the SFHA did not have that information because people live in SFHA properties without being on the lease and tenants are not forthcoming about whether victims are linked to their units. If a crime was committed and the perpetrator was found to be connected to a unit, action would be taken against the unit. Mr. Fortner stated that the SFHA could try to find out that information, but it is more administratively intensive than what the SFHA is prepared for. Commissioner Palega asked that another column be added to the shooting incident report to detail the Authority's response to witnesses of the crimes. Mr. Fortner responded that he wasn't sure that a column needed to be added to the report, but staff could let the Commissioners know what services are available in the community. Mr. Fortner said that the SFHA is unable to provide the scope of services Commissioner Palega referred to and that is why the Agency depends on the Department of Health or other agencies to provide them. Commissioner Palega stated that he would like a report from the departments that provide services to public housing residents after witnessing a traumatic event. The report should detail who received the services and what kind of services they received. Mr. Fortner asked Commissioner Palega if he wants a list of the services available to the residents and not an extra column on the report. Commissioner Palega responded that he was seeking a report of the responses from the community service departments on what they've done for the residents after a traumatic experience, such as witnessing a homicide. Mr. Fortner replied that the Commission would be provided with the services available to residents, but explained that the SFHA does not provide direct counseling. Jennifer Hudson of the Domestic Violence Division, is a receptacle of networking that could refer people to the proper resources. Mr. Fortner said that if Commissioner Palega wanted to know everyone that is referred to a service, the report would be as thick as a telephone book. Residents are notified of the available

resources and are directly referred if they come into the office for help, but the services do not directly come from the SFHA.

Vice President Brown stated that he noticed that there were 200 scheduled interviews and 101 responses. He asked if those numbers were better than they had previously been. Mr. Fortner stated that the SFHA has had a better rate of responses to the interview appointments as well as the number of people accepting units. Mr. Fortner reported that in Sunnydale, the largest development, there were only 30 vacancies of 767 units. Mr. Fortner commended Nannette Sparks, Allyn Hayes and Vorice Cook for doing a good job in leasing up the units.

5. REPORT OF SECRETARY

Mr. Fortner introduced David Esparza, Chief Financial Officer, Ad Chan, and Gayle Long to present the audit findings of fiscal year 2003. Mr. Esparza stated that they were presenting the end result of last year's audit of the SFHA financial statements. The audit was conducted by the certified public accounting firm, Morris, Davis and Chan, LLP. Mr. Esparza stated that everything before the Commission was the auditor's review and the SFHA submission to HUD of financial statements and the evaluation of the financial statements. Mr. Esparza stated that last year, the Commission asked the Agency to take steps to remove the audit qualification regarding the fixed assets. A firm had been retained to complete the project a few months back, and they have worked diligently with the auditors to ensure all necessary information was provided to remove the qualification. Mr. Esparza stated that in this audit report, there were a number of findings that were a result of tighter scrutiny of Section 8 and Low Income Housing record keeping. Eleven situations were noted that substantiate a need for improved record keeping. The situations had been described to the program managers of Section 8 and Low Income Housing and three of the findings had already been improved. Mr. Esparza informed the Commission that the auditing firm upheld the standard instituted last year, whereas the audit report would be submitted to HUD in enough time to answer possible questions.

Vice President Brown asked if it were possible to receive this type of information sooner because it was difficult to ask questions when just being presented with such a vast amount of information. Mr. Fortner replied that the auditors and Mr. Esparza could return at the next Commission meeting to respond to any questions or comments. Mr. Fortner explained that the independent auditors examine the Authority's operations and finances, issues a report, and the SFHA is required to submit the report to HUD.

Commissioner Palega asked if there were any findings more significant than others. Ms. Long replied that there weren't any findings more significant than others. The finding that had been included for many years concerned the SFHA fixed assets. Ms. Long echoed Mr. Esparza that the fixed asset qualification was being dealt with. Ms. Long stated that the findings of this report mostly addressed a lack of documentation. Commissioner Palega asked if there was not enough accountability or documentation.

Ms. Long answered that there was not enough documentation in the files and that management has responded to how they were going to deal with the findings and identified those responsible for the corrections. Commissioner Palega stated that the Commission needed more time to review the audit report and that Ms. Long gave them the framework of what to look for. Mr. Esparza apologized for not providing the report to the Commission sooner. Mr. Esparza reiterated that the audit findings were of documentation missing in files rather than anything that could have a financial consequence or indicate of a lack of internal controls over financial resources. Mr. Esparza gave a specific example of missing documentation in resident files. Commissioner Palega responded that if there is no documentation or a lack thereof, it could be considered disallowed costs and that would result in a financial burden to the Agency. Commissioner Palega stated that the Commission needed to examine the SFHA response to the finding to make sure the finding would be resolved. Mr. Fortner asked Ms. Long to give her opinion on whether the audit findings were of such a substantial nature that the Agency could be labeled as operationally or financially troubled. Ms. Long answered no and if there were disallowed costs related to the specific findings it would have been noted in the report as a question cost. Ms. Long stated that it was possible for this type of finding to result in a disallowed cost, especially if the finding was related to a disbursement where a check had been issued for a service without the proper documentation or the service was determined to be unallowable. Ms. Long said that the findings in the audit report were not related to question costs. Commissioner Palega commented that the reason he was asking was because he knew HUD was going to look at the report and this is an issue that the SFHA dealt with in the past. Commissioner Palega stated that he wanted to be prepared for anything HUD might make comments on and wanted to have a foundation for understanding the audit. Mr. Fortner clarified that the disallowable costs Commissioner Palega referred to were verifiable IG audits that were paid to contractors, but not allowed through federal funds. Mr. Fortner stated that Commissioner Palega's reference to the past was not accurate and this was not the same situation the Authority previously faced. Currently, the findings dealt with tenant files and not payments paid directly to contractors. Commissioner Palega responded that HUD would review the audit and if they found anything that wasn't adequately documented, HUD would redline the SFHA. Mr. Fortner reiterated that the circumstances were different.

Vice President Brown asked about the section titled Management, Judgment and Accounting. He inquired if this was in reference to the Commission's request to have the value of SFHA properties assessed. Ms. Long explained that a valuation process of the fixed assets is in progress. The process should be completed before the September 30, 2004 audit report is released and the qualification would be removed. Vice President Brown asked when the process would be completed. Mr. Esparza responded that the contract stipulates the project's completion by October 1, 2004. This would enable the removal of the qualification for the 2004 audit.

Commissioner Woodruff asked who provides the legal determination of the SFHA's compliance. Mr. Fortner responded that the Authority's in-house counsel would provide a legal interpretation if necessary, but ultimately, HUD would determine whether the SFHA is right or wrong.

Mr. Fortner introduced Ken Merrifield and John Weber of the Housing Authority Insurance Group to present information on the SFHA coverage and performance over the last year. Mr. Weber, Regional Claims Manager of the Housing Authority Risk Retention Group (HARRG) stated that they had provided the SFHA coverage for the last 17 years and the SFHA is a charter member. Mr. Weber reported that HARRG insures 61% of public housing in the country and he had handled the claims for the SFHA since 1990. Mr. Weber stated that in the last three years he had seen a decrease in the severity and numbers of claims. He attributed it to the risk management techniques of the SFHA as well as a general decline in claims nationwide.

Commissioner Palega asked if the SFHA claims decreased, would the cost decrease as well. Mr. Weber deferred to Mr. Merrifield to discuss the pricing. Mr. Merrifield stated that he had presented the renewal quotations to the staff and announced that the total savings for the insurance premiums were $59,654.00 for the October 1, 2004 through September 30, 2005 policy. Mr. Fortner asked Mr. Merrifield to explain the difference in cost between previous years and now. Mr. Merrifield answered that the premium was significantly increasing. The Authority is now recognizing savings on the property program. The property losses had substantially decreased in the past few years. The renewal premium for the liability policy increases by a flat rate of $12,000.00, but the Authority is saving $71,847.00 on the property insurance. Mr. Merrifield addressed Commissioner Palega's inquiry on earthquake insurance. He stated that his research found a company willing to quote the SFHA $250,000.00 to cover $2.5 million in damages.

Lastly, Mr. Fortner updated the Commission on the budget report. Mr. Fortner stated that the Authority would probably experience a $3 million shortfall overall beginning October 1, 2004. Mr. Fortner stated that a budget probably wouldn't be passed until January pending the presidential election results.

6. COMMITTEE REPORTS

Diversity Committee
No report.

Finance Committee
No Report.

Personnel Committee
No report.

7. REPORT OF AGENCY COUNSEL

Agency Counsel Donna Martin stated that there was no closed session and nothing to report.

8. TENANT REPRESENTATIVE REPORT

City Wide Council - Senior/Disabled

President of the City Wide Council – Senior/Disabled, William Vitalie reported that they are having their annual trip and this year it would be a bay cruise. The League of Women Voters is scheduled to attend and they would also have someone registering people to vote. Mr. Vitalie stated that 180 people came last year and they hoped to exceed that number this year.

Public Housing Tenants Association (PHTA)

President of the PHTA, Kimberly Brown reported that the July 24, 2004 leadership training was very successful. Forty resident leaders attended. Ms. Brown reviewed the agenda for the day. After the meeting, PHTA held a "Meet and Greet" session where each association's name was scanned on the cake and the entire meeting lasted from 10:00a.m – 4:00p.m. Ms. Brown stated that the Mayor's Sunnydale event on July 31, 2004 was a success with over 50 service providers present. Ms. Brown reported that Mayor Newsom impressed the children as he stayed and played basketball with them even after the cameras left. Ms. Brown announced the National Association of Resident Management and Counsel (NORMAC) Conference to be held on August 16, 17, and 18th and reviewed some of the topics that would be covered. Forty resident leaders would be attending. Ms. Brown thanked everyone involved in making the conference possible.

Mr. Fortner added that Commissioner Smith and Rosa Parks agreed to host a barbeque on August 17th at 2:00p.m., for the conference participants. Mayor Newsom wrote a letter of support that would be included in their package and Mr. Fortner stated that he was scheduled to speak during the program as well.

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

There were no public comments on agenda items.

10. UNFINISHED BUSINESS – None

11. NEW BUSINESS

Resolution No. 5172

(A) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A MEMORANDUM OF AGREEMENT BETWEEN THE SAN FRANCISCO HOUSING AUTHORITY AND THE SAN FRANCISCO POLICE DEPARTMENT FOR SUPPLEMENTAL LAW ENFORCEMENT SERVICES IN AN AMOUNT NOT TO EXCEED $1,000,000 PER YEAR

Mike Roetzer, Administrator for Management Services and Support reported that the SFHA had been working with the San Francisco Police Department (SFPD) for a number of months to establish a community policing in the Big Four developments. Community police officers are at Sunnydale, Potrero, Hunter's View and Hunter's Point. Mr. Roetzer stated that the police officers had been working in the community since April 24, 2004. Since that time the SFHA and SFPD had been working on a Memorandum of Agreement (MOA) to cover how the process would work. This MOA was also on the Police Commission agenda on August 11, 2004. The Police Commission expressed their support to bring the MOA to fruition. The model was based on the successful programs Mr. Fortner had worked with in Sacramento and Los Angeles counties. Mr. Roetzer said that the SFHA had experienced a spike in criminal activity in the Big Four developments and it became clear that changes needed to be made to enhance the security of the residents. Representatives of the Los Angeles County Housing Authority and the Los Angeles County Sheriff's Department met with SFHA and SFPD representatives over two days to discuss how community policing was established in Los Angeles County. While the MOA was being established, 16 officers began the community policing program. Mr. Roetzer explained that the community police officers are supplemental to the regular policing of each area. The officers are scheduled to work 12 hour days and half of their shift must be done walking or riding bikes through the property. During the first 60 days the officers were responsible for knocking on all doors and introducing themselves to each resident. The SFHA expects that over the long run, this method would build a report between the police and the residents. Mr. Roetzer reported that there were 53 homicides in the first six months of the year and took place on or near public housing developments, but there has been a significant decrease since then. Mr. Roetzer stated that there are no longer private security firms at the Big Four sites and the money saved is being used to fund the community policing project. The SFHA is also in the process of reestablishing substations in various areas of the Big Four. Mr. Roetzer introduced Police Chief Fong to address the Commission.

Chief Fong stated that from the time the program was brought to the SFPD there was no doubt that it should be replicated in San Francisco. This was why it was initiated despite having an offer of funding by the SFHA. Chief Fong stated that the SFPD views the community policing program as a long-term option that would continually develop the relationships between the SFPD, SFHA, and the community.

Commissioner Palega asked if the 12-hour shifts were fixed or random. Chief Fong answered that the shifts are flexible and the officers understand that they could change depending on the need. All of the officers volunteered for this assignment and committed to serving for a year. Chief Fong described the officers as balanced between law enforcement and community service.

Commissioner Woodruff asked Chief Fong to elaborate on the officers being volunteers. Chief Fong explained that officers are generally assigned to a field operations district station responding to radio calls for service. Not all officers want to work intimately with the community, but these chose to step up to be a figure in the community and go beyond typical policing duties. They volunteered for the assignment but are also being paid.

Commissioner Smith asked Mr. Roetzer if he'd considered adding Alemany into the Big Four and making it a Big Five. Mr. Roetzer responded that this program is to be the model for duplicating in Alemany and Alice Griffith.

Commissioner Gans asked if the developments would continue to have private security. Mr. Roetzer answered that all of the developments that previously had private security would continue to have it, except the developments covered by the MOA.

Vice President Brown commented that he had attended a meeting at the station at Newhall and Williams a couple months ago and Captain Bruce gave out his website to the residents and wanted to know if the community officers were doing the same. Chief Fong responded that Captain Bruce has an email sent to all interested community members. The email details crime, arrests, and the activities of all the officers. Vice President Brown asked about the community officers being in no-call cars and how would they know if something was happening on the other side of the community. Chief Fong stated that the focus of the officers was similar to an officer on a foot beat. They are responsible for talking to people in the community and having a uniform presence. The officers would have radios and if a call comes in, they would respond as well.

Commissioner Woodruff asked if the number of sites receiving the supplemental police services increased, would the number of officers assigned increase as well. Chief Fong responded that the program is being implemented in other areas of the city as well and all of the resources allocated in this MOA are not going towards all costs incurred, the department has committed other resources because they see the value in the program.

Vice President Brown asked if the funding was retroactive to when the program first began in April. Mr. Roetzer answered that the resolution said it would be effective July 1, 2004, so it is retroactive to that date. This was done to coincide with the SFPD fiscal year.

Commissioner Smith commented that the senior buildings are in need of security cameras and that after two years of requesting them, it's time to make it happen.

Commissioner Palega moved to approve Resolution No. 5172. Commissioner Woodruff seconded the motion. The motion to approve Resolution No. 5172 was unanimously passed.

Resolution No. 5173

(B) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO TWO SEPARATE TWO-YEAR CONTRACTS FOR $50,000 EACH, ONE WITH SCA ENVIRONMENTAL, INC. AND ONE WITH KELLCO ENVIRONMENTAL SERVICES, INC., TO PROVIDE LEAD AND ASBESTOS CONSULTANT SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $100,000 FOR THE TWO CONTRACTS

Commissioner Palega was excused from the meeting.

Steve Haines of the Housing Development and Modernization Department presented the resolution. Mr. Haines explained that this resolution would provide the hazardous materials consultant services the SFHA needs for planned renovations and upgrades. They would provide health and safety expertise for the well being of the residents, workers and compliance with the state and federal environmental regulations. The current contract was procured in 2002 and are about to expire. Mr. Haines stated that the firms would be assigned between 30-40 tasks over the course of two years. Mr. Haines provided examples of these assignments. The standard procurement process for an RFQ was performed. The RFQ was issued on March 1, 2004 and the typical outreach was employed. Six statements of qualifications were received by the Authority. The statements were reviewed by a panel and the three highest ranking firms were orally interviewed. Mr. Haines reviewed the criteria the rankings were based on. SCA Environmental and Kellco were the two highest ranking firms. Mr. Haines described SCA as a small minority enterprise established in 1992. They have had previous contracts with the SFHA and had a good history of resident employment. Kellco is a woman owned enterprise based in Hayward, CA. Kellco had never had a previous contract with the Authority, but has been a subcontractor to other SFHA contracts. Both firms had agreed to hire residents and approval of the resolution was recommended.

Commissioner Woodruff asked what the purpose of having two companies was. Mr. Haines explained that having two available firms enables the SFHA to have an immediate response to any uncovered lead based paint or asbestos issue if one firm is on another assignment.

Vice President Brown asked if the two firms would be competing for projects based on price quotes for a particular task, but pointed out that their pricing was fairly similar. Mr. Haines explained that when a task is to be assigned the SFHA could ask each contractor to submit a proposal for completing the job. That would help the SFHA determine whether one contractor could finish the job faster and save the SFHA money.

Commissioner Woodruff asked how one of the contractors is chosen if something comes up. Mr. Haines stated that the maintenance department generally fluctuates between contractors so that one does not have an unfair advantage over the other.

Vice President Brown asked about the training that would be provided by the contractors. Mr. Haines replied that SFHA maintenance workers must receive annual training to be certified in handling asbestos and lead based paint as a state requirement.

Commissioner Woodruff moved to approve Resolution No. 5173. Commissioner Gans seconded the motion. The motion to approve Resolution No. 5173 was unanimously passed.

Resolution No. 5174

(C) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A TWO-YEAR CONTRACT WITH F. W. ASSOCIATES, INC. TO PROVIDE ELECTRICAL ENGINEERING SERVICES ON AN AS-NEEDED, TASK ASSIGNMENT BASIS FOR ALL DEVELOPMENTS IN A TOTAL AMOUNT NOT-TO-EXCEED $200,000

Steve Haines of the Housing Development and Modernization Department presented the resolution. Mr. Haines reported that the capital fund program involves over $3 million in planned electrical improvements over the next two years. Generally, the improvements concern health and safety issues and upgrades. The contract would replace an expiring contract. Mr. Haines stated that the standard RFQ procurement was performed. Seven responses were received by the SFHA. Based on the criteria for evaluation, F.W. Associates was the highest ranked firm by a large margin. The Modernization and Maintenance departments had been very satisfied with the performance of the consultant. The consultant had also quoted the SFHA very reasonable rates that only increased by 2% of the contract entered two years ago. Mr. Haines described the various tasks to be assigned to the firm. F.W. Associates would like to continue working with their current resident employee who is training as a computer aided drafting (CAD) operator. Mr.

Haines described the firm as a minority, local small business enterprise. Mr. Haines recommended the Commission's approval.

Commissioner Woodruff asked how long the resident had been working with the firm. Mr. Haines responded that it had been about two months. Edward Wong of F.W. Associates explained how they found their resident employee and emphasized that they wanted to train someone to have skills and not just sit in the office.

Commissioner Smith moved to approve Resolution No. 5174. Commissioner Gans seconded the motion. The motion to approve Resolution No. 5174 was unanimously passed.

12. PUBLIC COMMENTS ON ITEMS NOT ON AGENDA

There were no public comments on items not on the agenda.

13. COMMISSIONER COMMENTS AND REPORTS

There were no Commissioner comments and reports

14. ADJOURNMENT

There being no further business to come before the Commission, Commissioner Woodruff moved to adjourn the meeting. Vice President Brown adjourned the regularly scheduled meeting of August 12, 2004 at 5:20 p.m.

Gregg Fortner, Secretary/Executive Director

George Brown, Vice President

SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco CA • 94102 • (415) 554-1200

NOTICE

THE REGULARLY SCHEDULED MEETING OF THE
SAN FRANCISCO HOUSING AUTHORITY COMMISSION
WILL BE HELD ON THURSDAY, AUGUST 26, 2004 AT 4:00 P.M.
AT 440 TURK STREET, SAN FRANCISCO, CALIFORNIA, 94102

AGENDA
August 26, 2004

DOCUMENTS DEPT.

JUN - 8 2005

SAN FRANCISCO
PUBLIC LIBRARY

1. ROLL CALL

   Julie Lee, President
   George R. Brown, Vice President
   Sululagi Palega, Sr., Commissioner
   Betty J. Smith, Commissioner
   Neola Gans, Commissioner
   Rev. George Woodruff, Commissioner

2. APPROVAL OF AGENDA

3. APPROVAL OF MINUTES

   - August 12, 2004 Commission Meeting

4. GENERAL COMMUNICATIONS

5. REPORT OF SECRETARY

6. COMMITTEE REPORTS

   Diversity Committee – Nothing to Report
   Finance Committee – Nothing to Report
   Personnel Committee – Nothing to Report

7. REPORT OF AGENCY COUNSEL

8. TENANT REPRESENTATIVE REPORT:
City Wide Council - Senior/Disabled
Public Housing Tenants Association (PHTA)

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

10. UNFINISHED BUSINESS - NONE

11. NEW BUSINESS

(A) RESOLUTION RATIFYING THE APPROVAL AND EXECUTION OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE SAN FRANCISCO HOUSING AUTHORITY AND THE SERVICE EMPLOYEES' INTERNATIONAL UNION, LOCAL 1877, CUSTODIANS

(B) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH U.S. BANK FOR THE AUTHORITY'S GENERAL BANKING SERVICES IN AN AMOUNT NOT TO EXCEED $56,000.00 DURING THE FISCAL YEAR 2004-2005

(C) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH PRIBUSS ENGINEERING, INC. FOR BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-19(1), 990 PACIFIC AVENUE, IN AN AMOUNT NOT TO EXCEED $219,740.00

(D) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RENEW THE GENERAL LIABILITY INSURANCE WITH HOUSING AUTHORITY RISK RETENTION GROUP IN AN AMOUNT NOT TO EXCEED $1,225,949.00

(E) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RENEW THE PROPERTY INSURANCE WITH HOUSING AUTHORITY PROPERTY INSURANCE IN AN AMOUNT NOT TO EXCEED $801,904.00

12. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

13. COMMISSIONER'S COMMENT AND REPORT

14. ADJOURNMENT

GREGG FORTNER, Secretary/Executive Director

A

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO, CA 94102 • PHONE (415) 554-1260 • FAX (415) 554-1268

Date: August 25, 2004

To: San Francisco Housing Authority Commissioners

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Neola Gans, Commissioner
Betty J. Smith, Commissioner
Rev. George Woodruff, Commissioner

From: Gregg Fortner, Executive Director

Subject: **RESOLUTION RATIFYING THE APPROVAL AND EXECUTION OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE SAN FRANCISCO HOUSING AUTHORITY AND THE SERVICE EMPLOYEES' INTERNATIONAL UNION, LOCAL 1877, CUSTODIANS**

OVERVIEW

Under the provisions of Government Code Sections 3500 et seq. (Meyers-Milias-Brown Act) the San Francisco Housing Authority (SFHA) and the Service Employees International Union, Local 1877, Custodians (Custodians) reached agreement on the provisions of a new Memoranda of Understanding (MOU). This MOU will cover the period October 1, 2002 through September 30, 2006. It replaces the previous MOU, which expired on September 30, 2002. This resolution ratifies the approval and execution of the agreements reached between the SFHA and Custodian negotiating teams.

OBJECTIVES & ANTICIPATED OUTCOME

This MOU provides the collective bargaining framework for the continued relationship between the SFHA and the Custodians. The MOU covers approximately 44 employees. It ensures that the terms and conditions of employment and compensation expectations and requirements are clear for labor and management. The agreement also provides a framework for labor-

management communication and cooperation through the continuation of the Labor-Management Committee.

WHO BENEFITS

Both parties benefit by having a MOU for the period through September 30, 2006, which clearly spells out certain provisions that govern terms and conditions of employment and compensation for covered employees. Residents benefit because they are eligible to be considered for vacant positions, and by having qualified Resident Custodians in our Senior and Disabled properties. The ratification of this MOU assures that services provided by our Custodial workforce to residents and administrative buildings will not be interrupted.

BUDGET CONSIDERATIONS

The anticipated costs resulting from this MOU are covered in the SFHA budget for fiscal year 2003 in the Low Income Operating Program and Section 8 budgets. The costs for fiscal years 2004 through 2006 will be included in the budgets for those fiscal years.

RESIDENT EMPLOYMENT

This MOU continues to provide for recruitment of residents to be considered for SFHA Custodial positions up to 25% of the workforce.

KEY PROVISIONS

The SFHA and the Custodians reached agreement on a number of proposals that affect terms and conditions of employment, provide management with increased flexibility, and provide compensation increases to current employees. A selection of the key provisions is outlined below:

- 3.0% salary increase retroactive to October 1, 2002.
- Provides for additional pay increases totaling 5.93% beginning October 1, 2003 and paid in increments through October 1, 2005.
- After October 2, 2005, provides for pay increases consistent with those granted by the City and County of San Francisco.
- Increases vacation schedule by folding in floating holidays and enhancing the leave accrual schedule: Less than 5 years, 104 hours; 5-15 years, 144 hours; over 15 years, 184 hours. Hours cap at 400.
- Adds Ceasar Chavez Day when/if it is adopted by the CCSF and allows flexibility for the Custodian to choose the Friday after Thanksgiving Day or Columbus Day, at their option.
- Provides certain pay differentials for work involving hazardous materials, bodily fluids, and operation of a truck.
- Adds a new probationary period of 60 days for newly hired employees.

- Allows the Housing Authority flexibility in establishing work shifts other than Monday-Friday or adding a second shift.

RECOMMENDATION

Adopt the resolution ratifying the approval and execution of a Memorandum of Understanding between the San Francisco Housing Authority and the Service Employees' International Union, Local 1877, Custodians.

RESOLUTION NO. 5175

DATE ADOPTED 8/26/04

RESOLUTION RATIFYING THE APPROVAL AND EXECUTION OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE SAN FRANCISCO HOUSING AUTHORITY AND THE SERVICE EMPLOYEES' INTERNATIONAL UNION, LOCAL 1877, CUSTODIANS

WHEREAS, the San Francisco Housing Authority ("Authority") and the Service Employees International Union, Local 1877, Custodians bargaining unit ("Custodians"), have reached agreement on issues related to the compensation and certain terms and conditions of employment for unit members, pursuant to Government Code Sections 3500 et seq. (Meyers-Milias-Brown Act); and,

WHEREAS, all costs associated with execution of the aforementioned Memorandum of Understanding will be cost allocated as appropriate and in accordance with Federal Regulations to the various funding sources of the San Francisco Housing Authority.

NOW, THEREFORE, BE IT RESOLVED THAT, the Board of Commissioners of the Housing Authority of the City and County of San Francisco hereby ratifies and approves the execution of the Memorandum of Understanding between the Authority and the Custodians for the period from October 1, 2002 through September 30, 2006.

APPROVED AS TO FORM AND LEGALITY: REVIEWED BY:

Donna Martin, General Counsel

GREGG FORTNER, Executive Director

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, Julie Lee, duly elected President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on August 26, 2004:

RESOLUTION NO. 5175

RESOLUTION RATIFYING THE APPROVAL AND EXECUTION OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE SAN FRANCISCO HOUSING AUTHORITY AND THE SERVICE EMPLOYEES' INTERNATIONAL UNION, LOCAL 1877, CUSTODIANS

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
George R. Brown
Sululagi Palega, Sr.
Betty J. Smith
Neola Gans

AGAINST ADOPTION:

ABSENT (EXCUSED):
George Woodruff

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 9, 2004.

George R Brown

George R. Brown, Vice President
SFHA Commission

B

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO, CALIFORNIA 94102 • (415) 554-1200

DATE: August 26, 2004

TO: San Francisco Housing Authority Commissioners

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH U.S. BANK FOR THE AUTHORITY'S GENERAL BANKING SERVICES IN AN AMOUNT NOT TO EXCEED $56,000 DURING THE FISCAL YEAR 2004-2005**

OVERVIEW

This Resolution authorizes the Executive Director to secure the banking services of U. S. Bank for the San Francisco Housing Authority (SFHA) in an amount not to exceed $56,000 for the fiscal year 2004-2005.

Since 1992, Bank of America (BofA) has provided general banking services to the SFHA. The Authority's current banking services with BofA include such services as the general maintenance of the Authority's various banking accounts (receipts and disbursements), rent receipt lockbox, Automatic Clearing House (ACH) deposits, disbursements for check transactions, payroll tax remittances, investment tracking, and account reconciliation. In addition, the SFHA has utilized the treasury trust services of U. S. Bank since 1999 for the construction-financing phase and long-term bonds for two HOPE VI development projects, Bernal and Plaza sites. Before initiating a service agreement with U.S. Bank for the Bernal and Plaza sites, a formal Request for Proposal was released by the SFHA and the required procurement process was completed in both instances.

Substantive innovations and efficiencies have occurred in the banking and financial industry for government and public agencies. The SFHA is interested in accessing many of these innovations in order to enhance its financial accountability for receipt and disbursement of funds, improve its

return on investments, and reduce its costs for general banking services. A number of SFHA department and personnel were consulted on their needs and ideas for improving the Authority's general banking services and many of the responses included new banking services, such as purchase cards, direct deposit of resident rent payments, Electronic Benefit Transaction (EBT) cards, and electronic check readers.

SELECTION PROCESS

The SFHA will secure the general banking services of U. S. Bank through the 'non-competitive' proposal process. The Authority's procurement process provides for non-competitive proposals when one or more of the following exceptions exist: (1) an item or service is available only from a single source, (2) an emergency exists, (3) HUD authorizes the use of non-competitive proposals, and (4) competition is determined to be inadequate.

In order to secure the general banking services of U. S. Bank through the non-competitive process, the Authority relies on the third exception when "HUD authorizes the use of non-competitive proposals." HUD authorizes the use of non-competitive proposals, among other circumstances, when the competitive process would require the Authority to release confidential information pertaining to its business or business transactions.

However, the non-competitive proposal process does require the Authority to ensure the "price reasonableness" of the contract or agreement for the item or service. In this instance, the Authority has ensured the proposal's price reasonableness by comparing the costs and services of the submitted proposal to the costs and services of the Authority's current banking institution. In addition, the Authority made general inquiries within the banking and financial community to further ensure the reasonableness of the proposal.

Based on a review of the Authority's current costs for general banking services, a summary of potentially new services to the SFHA, and discussions with the Department of Human Services for the City and County of San Francisco, the senior members of the Authority's Finance Department and the Contracts and Procurement Division of the Management Services and Support Department recommends the selection of U.S. Bank to provide the general banking services for the SFHA.

ANTICIPATED OUTCOME

The move in banking services from Bank of America to U.S. Bank is expected to ultimately reduce our banking costs by about $1,100 to $1,500 per month, or roughly 25 percent to 30 percent. Cost savings for the Authority's general banking service are expected to exceed $18,000 in the first full year of implementation and significantly more if all proposed efficiencies are implemented. Moreover, U.S. Bank offered a variety of interest rates on investments that are generally 28 basis points above the current investment rates offered by BofA.

WHO BENEFITS

The SFHA will benefit directly from the move of banking services to U.S. Bank both financially and in the quality of customer service. The SFHA expects to enhance the quality of its general banking services particularly in the areas of lockbox processing, customer support, technical assistance, changes in banking technology and innovative products. The change in banking services will not affect the lockbox services of the Authority's residents.

BUDGET CONSIDERATIONS

The funding for the banking services is covered in the Low Income and Section 8 programs.

RESIDENT EMPLOYMENT

U.S. Bank is an equal opportunity employer and has hiring practices that do not discriminate on the basis of race, sex, religion, ethnicity and gender. Residents of Public Housing and Section 8 are encouraged to apply for any jobs or positions with the bank. Due to the nature of this contract with U.S. Bank, resident employment will be considered based on their normal hiring process and recruitment.

RECOMMENDATION

I recommend the approval of attached resolution, authorizing the execution of an agreement with U.S. Bank to provide full banking services starting fiscal year 2004-2005.

RESOLUTION NO: 5176
ADOPTED: 8/26/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT U.S. BANK FOR THE AUTHORITY'S GENERAL BANKING SERVICES IN AN AMOUNT NOT TO EXCEED $56,000 DURING FISCAL YEAR 2004-2005

WHEREAS, the Authority desires to minimize administrative costs in banking services and maximize the return on its investments in order to improve its financial operations; and

WHEREAS, the Authority will save substantial amounts of bank fees each year based on a comparison of costs of fees paid to Bank of America, U. S. Bank and general banking industry guidelines; and

WHEREAS, U.S. Bank submitted a proposal with reasonable costs at a higher level of service and a higher rate of return on investments; and

WHEREAS, U.S. Bank currently provides the Authority with treasury trust services and a banking relationship is already established; and

WHEREAS, this proposal was arranged on a non-competitive basis in accordance with exceptions provided by HUD; and

WHEREAS, funds to cover the cost of banking services are available in the Authority's Low Income and Section 8 Programs.

NOW THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to enter into an agreement with U.S. Bank to provide full banking services in an amount not to exceed $56,000 during fiscal year 2004-2005.
2. This Resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY: **REVIEWED BY:**

Donna Martin, General Counsel

Date: 8.20.04

Gregg Fortner, Executive Director

Date: 8/20/2004

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected Vice President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on August 26, 2004:

RESOLUTION NO. 5176

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH U.S. BANK FOR THE AUTHORITY'S GENERAL BANKING SERVICES IN AN AMOUNT NOT TO EXCEED $56,000.00 DURING THE FISCAL YEAR 2004-2005

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
Julie Lee
George R. Brown
Betty J. Smith
Neola Gans

AGAINST ADOPTION:

ABSENT (EXCUSED):
Sululagi Palega, Sr
George Woodruff

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 9, 2004.

George R. Brown, Vice President
SFHA Commission

C

SAN FRANCISCO HOUSING AUTHORITY
440 Turk Street • San Fra ncisco CA • 94112 • (415) 554-1200

DATE: August 20, 2004

TO: SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH PRIBUSS ENGINEERING, INC. FOR BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-19(1), 990 PACIFIC AVENUE, IN AN AMOUNT NOT TO EXCEED $219,740**

OVERVIEW

This resolution authorizes the Executive Director to enter into a contract with Pribuss Engineering, Inc. for boiler, pump, and pipe replacement work at 990 Pacific Avenue, a senior development. The seven story 990 Pacific Avenue building was constructed in 1969 with 92 senior and disabled dwelling units.

The Heating and Domestic Hot Water System is thirty-five years old and beyond repair. The existing boilers are unreliable and their replacement is urgently needed to ensure uninterrupted heat and hot water to senior and disabled residents. Unless the boilers are replaced, the availability of continuous heat and hot water during the cool summer months and following winter cannot be assured.

PROCUREMENT

The Authority issued Solicitation No. 04-620-IFB-024 on June 28, 2004, following review and approval of the solicitation by the Finance and Procurement & Contracts (Procurement) Departments. The procurement process for the action covered by this resolution meets the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San

Francisco Housing Authority Procurement Policy Manual, and the State of California, and local laws.

The Housing Development & Modernization Department (HD&Mod) developed the Invitation for Bid documents, plans, and specifications based on master procurement documents furnished by Procurement and construction documents (drawings and technical specifications) furnished by the Authority's Mechanical Engineering Services consultant, Mechanical Solutions. The documents were reviewed and approved by Procurement prior to the start of the bid process.

The Authority advertised for bidders and outreached to potential bidders as follows:

Past Bidders List, Contractors Blue Book & Yellow Pages: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to sixty-one (61) individual contractors from the Authority's Past Bidders List, the Contractors Blue Book and Telephone Directory Yellow Pages.

HRC: The Authority e-mailed, faxed or mailed its Invitation for Bid advertisement to four (6) MBE/WBE contractor listed by the San Francisco Human Rights Commission.

Labor Unions: The Authority mailed its Invitation for Bid Documents, Plans & Specifications to the San Francisco Buildings Trade Council, and Plumbers Union Local 38. Following the bid walk, staff contacted the Plumbers Union Local 38 Business Agent several times to enlist his support in encourage more bidders.

Newspapers: The Authority publicly advertised its Invitation for Bid advertisement in the following newspapers:
Daily Pacific Builder, (trade publication)
San Francisco Bay View, (African American community)
World Journal, (Asian American Community)

Additional Newspapers: The Authority e-mailed its Invitation for Bid advertisement to the San Francisco Board of Supervisors office who placed the advertisement in the following community newspapers:El Latino (Hispanic American community),

- El Reportero (Hispanic American community),
- Asian Week (Chinese American community),
- Chinese Times (Chinese American community),
- San Francisco Bay Times (Lesbian/Gay/Bi-sexual/Transgender community),
- San Francisco Spectrum (Lesbian/Gay/Bi-sexual/Transgender community).

Public Agency Websites: The Authority e-mailed its Invitation for Bid advertisement to the following agencies who placed the advertisement in their website bulletin boards:

- City and County of San Francisco (City Purchasing Department),
- California State Contracts Register (Office of Small Business Certification and Resources),
- Small Business Administration's PRO-Net (Office of Government Contracting & Minority Enterprise Development).
- U.S. Department of Commerce's BIDNET (Minority Business Development Agency)

Builders Exchanges: The Authority sent its Invitation for Bid Documents, Plans & Specifications to the following Builders Exchanges, where the documents are available to Contractors for review and bid preparation:San Francisco Builders Exchange,

- Peninsula Builders Exchange,
- Builders Exchange of Alameda County,
- Santa Clara Builders Exchange,
- Contra Costa Builders Exchange,
- BV2HP Builders Exchange,
- MECA Builders Exchange (member base composed of small DBE, M/WBE firms),
- Marin Builders Exchange,
- Construction Data Plan Room,
- San Francisco Building and Construction Trade Council,
- Local Union 38, Plumbers Union,
- Local Union 6, International Brotherhood of Electrical Workers.

Seven (7) potential bidders requested the Invitation for Bid documents, plans and specifications that were issued by HD&Mod. The on-site bid walk was conducted by HD&Mod on July 13, 2004. In attendance were five (5) contractors along with the Consultant, and Authority staff members from HD&Mod Department. Following the bid walk, staff contacted the Plumbers Union Local 38 Business Agent to enlist his support in encouraging more bidders.

BIDDER SELECTION PROCESS

On the closing date for the solicitation, July 27, 2004, the Authority received bids from five (5) responsive and responsible contractors. The bid documents were publicly opened and read aloud. The submittal documents were reviewed by HD&Mod and forwarded to Procurement for review and approval to prepare this resolution. The Contractors' bids are as follows:

BID PROPOSALS:

Bidder	Bid Proposal	25% Resident Hiring	Contractor MBE/ WBE	Sub Contractors	MBE/WBE Sub Contractor % Of Total Job	Total MBE/ WBE
Pribuss Engineering Inc.	$219,740	Yes	Yes	Three	5%	91.5%
Yum's Mechanical	$240,000	Yes	Yes	Two	62.7%	100%
Sonomarin, Inc.	$243,818	Yes	No	Three	20%	20%
Ayoob & Peery	$249,758	Yes	No	None	0%	0%
Schram Construction	$258,000	Yes	No	One	3.9%	3.9%

Per HUD-5369 Instructions to Bidders, the contract award is based on the lowest, responsive, and responsible bidder. Based on the above, the lowest, responsive, and responsible bidder is Pribuss

Engineering, Inc. The Pribus Engineering bid is one (1) percent lower than the cost estimate and budgeted amount. Upon request, Pribuss Engineering, Inc. reviewed their bid and informed Procurement that they stood by their bid.

According to the reference check on past projects performed by Pribuss Engineering, Inc., the firm is a responsible contractor with a good record. They have performed similar contracts for other public agencies and have a good history of minimizing contractor initiated change orders. A debarment check was made and shows that Pribuss Engineering, Inc. is not debarred from Federal Procurement and Non-Procurement work.

OBJECTIVES

The objective of the resolution is to authorize the Executive Director to enter into a contract for the demolition and replacement of the existing heating and domestic hot water boilers, pumps, accessories, controls, vents, and pipes located in the boiler room.

Work under this contract will generally include, but not be limited to, the following:

a. Site survey and verification of existing conditions.

b. Demolition and removal of asbestos in accordance with "SFHA Hazardous Materials Procedure".

c. Demolition and replacement of the existing heating and domestic hot water boilers, pumps, accessories, controls, and pipes.

d. Furnish and install all new equipment and accessories.

e. Provide new electrical panel in the boiler room from the garage area.

f. Provide heating and domestic hot water to the residential units at all times during construction.

PRESENT SITUATION

990 Pacific Avenue is a San Francisco Housing Authority senior development with 92 units built in 1969. The 35-year-old heating and domestic hot water boilers, storage tank, associated equipment and piping have deteriorated beyond possible repair and need to be replaced immediately to assure continuous heat and hot water to the development's senior and disabled residents.

ANTICIPATED OUTCOMES

Replacement of the heating and domestic hot water boilers, storage tank, associated equipment, and piping will provide energy efficient, uninterrupted heating and hot water to the residents. The Authority's maintenance department will be relieved of the time and expense of constant calls for

repairs and restoration of service to the residents. Pribuss Engineering, Inc. will provide a two-year guarantee for materials and workmanship in compliance with Authority standards.

WHO BENEFITS

Public housing residents will benefit from improved living conditions with no interruptions in heating and hot water service. The energy efficiency of the new water heater system, and the reduction in maintenance calls will result in substantial operating savings to the Authority. The capital improvements will benefit the Authority's real property assets and add to the longevity of the structures. The project will also provide employment for public housing residents under the resident hiring requirements. By hiring residents, Pribuss Engineering, Inc. is helping to create a pool of qualified residents for future work on similar Authority construction projects.

BUDGET CONSIDERATION

The Heating and Hot Water Boiler and Piping Replacement activity is funded in the Year 2003 Capital Fund Program budget. The low bid is one (1) percent less than the independent cost estimate and budgeted amount.

RESIDENT HIRING

Pribuss Engineering, Inc. is committed to exceeding the 25 percent resident hiring goal on this job. The contractor estimates that it will take about 550 hours to complete the project, of which a minimum 137.5 hours will be resident hire employment. They are pursuing one position for resident hiring.

MBE/WBE PARTICIPATION

Pribuss Engineering, Inc. is MBE firm and has achieved 91.5 percent MBE/WBE participation with its listed subcontractors and suppliers.

RECOMMENDATION

Pribuss Engineering, Inc. has submitted the lowest, responsive, and responsible bid. They are committed to exceed the 25 percent resident hiring requirement. Funding is available in the 2003 Capital Fund Program. Because boilers are in need of immediate replacement, staff urges adoption of this resolution authorizing the Executive Director to enter into a contract with Pribuss Engineering, Inc. for the boiler, pump, and pipe Replacement work at 990 Pacific Avenue, in an amount not to exceed $219,740.

(Prepared by: Basil Nicolaou, Robert Dahlstrom and Barbara Smith)

RESOLUTION NO. 5177
ADOPTED 8/26/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH PRIBUSS ENGINEERING, INC. FOR BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-19(1), 990 PACIFIC AVENUE, IN AN AMOUNT NOT TO EXCEED $219,740

WHEREAS, The San Francisco Housing Authority publicly advertised Solicitation No. 04-620-IFB-024 for Boiler, Pump, and Pipe Replacement at CAL 1-19(1), 990 Pacific Avenue, and

WHEREAS, Pribuss Engineering, Inc. submitted the lowest responsive and responsible bid of $219,740 to provide for the Boiler, Pump, and Pipe Replacement work at CAL 1-19(1), 990 Pacific Avenue; and

WHEREAS, these services are necessary to protect the health and welfare of residents; and

WHEREAS, funding is available through the HUD 2003 Capital Fund Program; and

WHEREAS, the procurement process for those actions covered by this resolution meet the procurement standards of 24 CFR 85.36 "Procurement", HUD Handbook 7460.8 REV 1, "Procurement Handbook for Public Housing Agencies and Indian Housing Authorities", the San Francisco Housing Authority Procurement Policy Manual and State of California and local laws; and

WHEREAS, all additional relevant documents submitted by the low bidder have been reviewed and found to be in order; and

WHEREAS, Pribuss Engineering, Inc. will meet the Resident Hiring requirements.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is authorized to execute a contract with Pribuss Engineering, Inc. for the Boiler, Pump, and Pipe Replacement work at CAL 1-19(1), 990 Pacific Avenue, in an amount Not-To-Exceed $219,740.
2. This resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY: REVIEWED BY:

Donna Martin
DONNA MARTIN, General Counsel

Date: 8-20-04

GREGG FORTNER, Executive Director

Date: 8/20/2004

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected Vice President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on August 26, 2004:

RESOLUTION NO. 5177

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH PRIBUSS ENGINEERING, INC. FOR BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-19(1), 990 PACIFIC AVENUE, IN AN AMOUNT NOT TO EXCEED $219,740.00

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
George R. Brown
Betty J. Smith
Julie Lee
Neola Gans

AGAINST ADOPTION:

ABSENT (EXCUSED):
George Woodruff
Sululagi Palega,Sr.

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 9, 2004.

George R Brown

George R. Brown, Vice President
SFHA Commission

D

SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco, California • 94102 • (415) 554-1200

DATE: August 26, 2004

TO: **SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS**

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RENEW THE GENERAL LIABILITY INSURANCE WITH HOUSING AUTHORITY RISK RETENTION GROUP IN AN AMOUNT NOT TO EXCEED $1,225,949

OVERVIEW:

The San Francisco Housing Authority's ("the Authority") commercial general liability insurance coverage is up for renewal for the 2004-2005 policy period with the Housing Authority Risk Retention Group ("HARRG").

Pursuant to Section 305, Part Two of the Annual Contributions Contract dated August 27, 1964, as amended between the Housing Authority and City and County of San Francisco and the U.S. Department of Urban Development ("HUD"), the Authority is required to insure its interest against risks associated with its particular type of operation, i.e., low income housing.

In the 1980's when the Authority solicited insurance coverage from the private sector the market had hardened, making it virtually impossible to obtain the necessary coverage. In 1987, the Office of Finance and Budget at HUD issued a bid waiver letter to Housing Authority Insurance Group ("HAIG") that reads, "Public Law 101-507 and Federal regulations waive bidding requirements of the Annual Contributions Contract for any PHA that joins as a policyholder for the period of time the PHA remains a member of the program." During the same year, the Authority, by Resolution No. 3006, accepted membership into HARRG. The Authority has maintained a relationship with HARRG for the past seventeen years.

Additionally, HUD Directive Number 965.205, states that public housing authorities may acquire insurance from non-profit insurance groups without fulfilling the competitive bidding requirements of the HUD Handbook 7460.8. Despite the bid waiver option, the Authority solicited quotes from the private market through issuing a Request For Proposals (RFP). The RFP was sent to 20 insurance firms. The firms were also contacted directly via telephone to determine if they planned to respond to the proposal. Of the 20 firms contacted, only one firm indicated by the deadline that it would try to respond to the solicitation. Additionally, no firms requested information regarding the agency's loss record, which is critical information in writing insurance policies. This indicates that the private market remains quite unresponsive to providing quotes to the Authority.

OBJECTIVE:

The objective is to obtain general liability insurance coverage for the 2004-2005 policy period that is most advantageous and affordable for the Authority.

PRESENT SITUATION:

The coverage limits specified in the HAARG renewal policy for 2004-2005 are as follows:

COVERAGE	PER OCCURRENCE LIMIT	AGGREGATE LIMIT	DEDUCTIBLE
Property Damage and Bodily Injury	$5 million	$5 million	$25,000.00
Law Enforcement	$1 million	$1 million	$25,000.00
Public Official's Errors and Omissions	$1 million	$2 million	$50,000.00
Non-Owned & Hired Automobile	$1 million	$1 million	$0
Employee Benefit	$25,000.00	$50,000.00	$1000.00
Lead Based Paint	$500,000.00	$500,000.00	$25,000.00
Employment Practice	$1 million	$1 million	$50,000.00

The coverage limits and deductible amounts are almost the same as last year, and the premium quoted for the 2004-2005 policy year is about $100,000 less than the premium HARRG quoted last year.

WHO BENEFITS:

The SFHA benefits from renewing with HARRG because it will have insurance coverage that was not obtainable in the private market. In addition, HARRG provides services such as network training for staff and residents, risk management services, and underwriting services for special

events. HARRG also has a professional staff available to assist with issues that are unique to the housing industry.

BUDGET:

Funding for this year's insurance coverage is available as part of the Authority's 2004-2005 Low Income Operating Budget and Section 8 Budget.

RECOMMENDATION:

It is recommended that the Authority renew its general liability coverage with the Housing Authority Risk Retention Group for the 2004-2005 policy period.

RESOLUTION NO.: 5178
DATE ADOPTED: 8/26/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RENEW THE GENERAL LIABILITY INSURANCE WITH HOUSING AUTHORITY RISK RETENTION GROUP IN AN AMOUNT NOT TO EXCEED $1,225,949

WHEREAS, Section 305, Part Two of the Annual Contributions Contract dated August 27, 1964, as amended, between the Housing Authority of the City and County of San Francisco ("the Authority") and the U.S. Department of Housing and Urban Development ("HUD") requires the Authority to insure its interest against risks associated with its particular type of operations; and

WHEREAS, Congress enacted a law entitled Risk Retention Amendments of 1986 ("the Act"), codified at 15 U.S.C., sections 3901-3906, authorizing the formation of risk retention groups by governmental entities such as Public Housing Authorities ("PHAs") to cover liabilities associated with such risks; and

WHEREAS, the HUD Appropriations Act recognized "the Act" by permitting PHAs to secure insurance for non-profit insurance entitles that are controlled and owned by PHAs without regard to competitive solicitation procedures;

WHEREAS, the Housing Authority Risk Retention Group ("HARRG") is a nationwide insurance provider meeting the requirements of the HUD Appropriations Act; and

WHEREAS, HUD Directive Number 965.205 allows public housing authorities to acquire insurance from non-profit insurance groups without fulfilling the competitive bidding requirements of the HUD Handbook 7460.8; and

WHEREAS, the Authority, by Resolution No. 3006, dated May 28, 1987, accepted membership into HARRG for the provision of general liability; and

WHEREAS, the Authority's policy is due to expire on October 1, 2004; and

WHEREAS, in an effort to reduce the Authority's premium and obtain additional quotes for the 2004-2005 policy period, the Authority initiated a solicitation process using twenty major brokerage firms; and

WHEREAS, the private market remains unresponsive to providing quotes to the Authority; and

WHEREAS, payment for this coverage is $1,225,949; and

WHEREAS, funding for the 2004-2005 coverage is available as part of the Authority's 2004-2005 Low Income Operating Budget and its Section 8 budget;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is hereby authorized to renew coverage with the Housing Authority Risk Retention Group for general liability insurance, in an amount not to exceed $1,255,949.

2. This resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY:

Donna Martin
DONNA MARTIN
General Counsel

9-20-04
DATE

REVIEWED BY:

GREGG FORTNER
Executive Director

8/20/2004
DATE

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected Vice President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on August 26, 2004:

RESOLUTION NO. 5178

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RENEW THE GENERAL LIABILITY INSURANCE WITH HOUSING AUTHORITY RISK RETENTION GROUP IN AN AMOUNT NOT TO EXCEED $1,225,949.00

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
George R. Brown
Julie Lee.
Betty J. Smith
Neola Gans

AGAINST ADOPTION:

ABSENT (EXCUSED):
Sululagi Palega,Sr.
George Woodruff

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 9, 2004.

George R. Brown, Vice President
SFHA Commission

D-1

Qualified PHA-owned insurance entity.

Directive Number: 965.205

(a) **Contractual requirements for insurance coverage.** The Annual Contributions Contract (ACC) between PHAs and the U.S. Department of Housing and Urban Development requires that PHAs maintain specified insurance coverage for property and casualty losses that would jeopardize the financial stability of the PHAs. The insurance coverage is required to be obtained under procedures that provide ``for open and competitive bidding.'' The HUD Appropriations Act for Fiscal Year 1992 provided that a PHA could purchase insurance coverage without regard to competitive selection procedures when it purchases it from a nonprofit insurance entity owned and controlled by PHAs approved by HUD in accordance with standards established by regulation. This section specifies the standards.

(b) **Method of selecting insurance coverage.** While 24 CFR part 85 requires that grantees solicit full and open competition for their procurements, the HUD Appropriations Act for Fiscal Year 1992 provides an exception to this requirement. PHAs are authorized to obtain any line of insurance from a nonprofit insurance entity that is owned and controlled by PHAs and approved by HUD in accordance with this section, without regard to competitive selection procedures. Procurement of insurance from other entities is subject to competitive selection procedures.

(c) **Approval of a nonprofit insurance entity.** Under the following conditions, HUD will approve a nonprofit self-funded insurance entity created by PHAs that limits participation to PHAs (and to nonprofit entities associated with PHAs that engage in activities or perform functions only for housing authorities or housing authority residents):

(1) **An insurance company (including a risk retention group).** (i) The insurance company is licensed or authorized to do business in the State by the State Insurance Commissioner and has submitted documentation of this approval to HUD; and

(ii) The insurance company has not been suspended from providing insurance coverage in the State or been suspended or debarred from doing business with the federal government. The insurance company is obligated to send to HUD a copy of any action taken by the authorizing official to withdraw the license or authorization.

(2) **An entity not organized as an insurance company.** (i) The entity has competent underwriting staff (hired directly or engaged by contract with a third party), as evidenced by professionals with an average of at least five years of experience in large risk (exceeding $100,000 in annual premiums) commercial underwriting or at least five years of experience in the underwriting of risks for public entity risk pools. This standard may be satisfied by submission of evidence of competent underwriting staff, including copies of resumes of underwriting staff for the entity;

(ii) The entity has efficient and qualified management (hired directly or engaged by contract with a third party), as evidenced by the

report submitted to HUD in accordance with paragraph (d)(3) of this section and by having at least one senior staff person who has a minimum of five years of experience:

(A) At the management level of Vice President of a property/casualty insurance entity;

(B) As a senior branch manager of a branch office with annual property/casualty premiums exceeding $5 million; or

(C) As a senior manager of a public entity risk pool. Documentation for this standard must include copies of resumes of key management personnel responsible for oversight and for the day-to-day operation of the entity;

(iii) The entity maintains internal controls and cost containment measures, as evidenced by an annual budget;

(iv) The entity maintains sound investments consistent with the State insurance commissioner's requirements for licensed insurance companies, or other State statutory requirements controlling investments of public entities, in the State in which the entity is organized, investing only in assets that qualify as ``admitted assets'';

(v) The entity maintains adequate surplus and reserves for undischarged liabilities of all types, as evidenced by a current audited financial statement and an actuarial review conducted in accordance with paragraph (d) of this section; and

(vi) Upon application for initial approval, the entity has proper organizational documentation, as evidenced by copies of the articles of incorporation, by-laws, business plans, copies of contracts with third party administrators, and an opinion from legal counsel that establishment of the entity conforms with all legal requirements under Federal and State law. Any material changes made to these documents after initial approval must be submitted for review and approval before becoming effective.

(d) **Professional evaluations of performance.** Audits and actuarial reviews are required to be prepared and submitted annually to the HUD Office of Public and Indian Housing, for review and appropriate action, by nonprofit insurance entities that are not insurance companies approved under paragraph (c)(1) of this section. In addition, an evaluation of other management factors is required to be performed by an insurance professional every three years. For fiscal years ending on or after December 31, 1993, the initial audit, actuarial review, and insurance management review required for a nonprofit insurance entity must be submitted to HUD within 90 days after the entity's fiscal year.

(1) The annual financial statement prepared in accordance with generally accepted accounting principles (including any supplementary data required under GASB 10) is to be audited by an independent auditor (see 24 CFR part 44), in accordance with generally accepted auditing standards. The independent auditor shall express an opinion on whether the entity's financial statement is presented fairly in accordance with generally accepted accounting principles. A copy of this audit must be submitted to HUD.

(2) The actuarial review must be done consistent with requirements established by the National Association of Insurance Commissioners and

must be conducted by an independent property/casualty actuary who is an Associate or Fellow of a recognized professional actuarial organization, such as the Casualty Actuary Society. The report issued, a copy of which must be submitted to HUD, must include an opinion on any over or under reserving and the adequacy of the reserves maintained for the open claims and for incurred but unreported claims.

(3) A review must be conducted, a copy of which must be submitted to HUD, by an independent insurance consulting firm that has at least one person on staff who has received the professional designation of chartered property/casualty underwriter (CPCU), associate in risk management (ARM), or associate in claims (AIC), of the following:

(i) Efficiency of any Third Party Administrator;

(ii) Timeliness of the claim payments and reserving practices; and

(iii) The adequacy of reinsurance coverage.

(e) **Revocation of approval of a nonprofit insurance entity.** HUD may revoke its approval of a nonprofit insurance entity under this section when it no longer meets the requirements of this section. The nonprofit insurance entity will be notified in writing of: the proposed revocation of its approval, the reasons for the action, and the manner and time in which to request a hearing to challenge the determination. The procedure to be followed is specified in 24 CFR part 26, subpart A.

[41 FR 20276, May 17, 1976, as amended at 61 FR 7969, Feb. 29, 1996; 61 FR 50219, Sept. 24, 1996]

E

SAN FRANCISCO HOUSING AUTHORITY

440 Turk Street • San Francisco, California • 94102 • (415) 554-1200

DATE: August 26, 2004

TO: **SAN FRANCISCO HOUSING AUTHORITY COMMISSIONERS**

Julie Lee, President
George R. Brown, Vice President
Sululagi Palega, Sr., Commissioner
Betty J. Smith, Commissioner
Neola Gans, Commissioner
Rev. George Woodruff, Commissioner

FROM: Gregg Fortner, Secretary/Executive Director

SUBJECT: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RENEW THE PROPERTY INSURANCE WITH HOUSING AUTHORITY PROPERTY INSURANCE IN AN AMOUNT NOT TO EXCEED $801,904

OVERVIEW:

The San Francisco Housing Authority's ("the Authority) property/casualty insurance coverage is up for renewal for the 2004-2005 policy period. This resolution seeks approval for the Executive Director to renew property insurance with Housing Authority Property Insurance, Inc. ("HAPI") in an amount not to exceed $801,904.

Pursuant to Section 305, Part Two of the Annual Contributions Contract, dated August 27, 1964, as amended between the Housing Authority, City and County of San Francisco, and the U.S. Department of Housing and Urban Development ("HUD"), the Authority is required to insure its interest against risks associated with its particular type of operation, i.e., low income housing.

Seeing the need, Congress enacted the Risk Retention Amendments of 1986 ("the Act"), codified at 15 U.S.C., sections 3901-3906, authorizing the formation of risk retention groups by governmental entities such as Public Housing Authorities. In compliance with the Act, the Authority moved its property coverage to HAPI, and the policy was renewed by Resolution No. 5126, dated October 23, 2003.

Additionally, HUD Directive Number 965.205, states that public housing authorities may acquire insurance from non-profit insurance groups without fulfilling the competitive bidding requirements of the HUD Handbook 7460.8. Despite the bid waiver option, the Authority solicited quotes from the private market through issuing a Request For Proposals (RFP). The RFP was sent to 20 insurance firms. The firms were also contacted directly via telephone to determine if they planned to respond to the proposal. Of the 20 firms contacted, only one firm indicated by the deadline that it would try to respond to the solicitation. Additionally, no firms requested information regarding the agency's loss record, which is critical information in writing insurance policies. This indicates that the private market remains quite unresponsive to providing quotes to the Authority.

OBJECTIVE:

The objective is to obtain property/casualty insurance coverage for the 2004-2005 policy period that is most advantageous and affordable for the Authority.

PRESENT SITUATION:

Currently, the Authority has property coverage for the Authority's buildings, which are currently valued at $405,308,229 pursuant to the schedule on file with HAPI. Additionally, rental income is valued at $12,127,791 according to the schedule on file. There is an 80% co-insurance clause, which means at the time of a loss, the building or unit must be insured for at least 80% of the replacement cost value. If the building is undervalued, the insurance company will only pay up to the undervalued percentage. The premium cost $788,961.

HAPI presented two options for the 2004 policy renewal in order to offer more coverage options at a less expensive rate. The options HAPI presented are as follows:

Option 1:

The premium is $657,282 with a deductible of $25,000. The rate of the cost per one hundred dollars of insured value is .1622/$100. The coverage provides replacement cost subject to the current scheduled of values. There is an 80% co-insurance.

Option 2:

The premium is $801,904 with a deductible of $25,000. The rate of the cost per one hundred dollars of insured value is .1496/$100. The coverage provides replacement cost subject to an increased value of $536,031,818. This increases the schedule of values by $131 million

The annual loss limit is $100 million for both options.

In addition to the replacement costs, HAPI is able to offer fine arts coverage and electronics coverage cheaper than the private market quoted the Authority. By renewing coverage with HAPI, the Authority also saves on other lines of coverage.

WHO BENEFITS:

The Authority benefits from renewing coverage with HAPI because of the longstanding professional relationship the Authority has with the company. HAPI also has a well-trained staff available to assist the Authority with property/casualty issues unique to the housing industry, in addition to provide training services for housing staff.

RECOMMENDATION:

It is recommended that the Authority renew coverage with the Housing Authority Property Insurance, Inc.

RESOLUTION NO.: 5179
DATE ADOPTED: 8/26/04

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RENEW THE PROPERTY INSURANCE WITH HOUSING AUTHORITY PROPERTY INSURANCE IN AN AMOUNT NOT TO EXCEED $801,904

WHEREAS, Section 305, Part Two of the Annual Contributions Contract dated August 27, 1964, as amended, between the Housing Authority of the City and County of San Francisco ("the Authority") and the U.S. Department of Housing and Urban Development ("HUD") requires the Authority to insure its interest against risks associated with its particular type of operation; and

WHEREAS, the HUD Appropriations Act recognized "the Act" by permitting PHAs to secure insurance for non-profit insurance entitles that are controlled and owned by PHAs without regard to competitive solicitation procedures;

WHEREAS, the Housing Authority Risk Retention Group ("HARRG") is a nationwide insurance provider meeting the requirements of the HUD Appropriations Act; and

WHEREAS, HUD Directive Number 965.205 allows public housing authorities to acquire insurance from non-profit insurance groups without fulfilling the competitive bidding requirements of the HUD Handbook 7460.8; and

WHEREAS, by Resolution No. 5126, dated 10/23/03, the Authority renewed coverage with Housing Authority Property Insurance, Inc. ("HAPI"); and

WHEREAS, HAPI submitted a quote for renewal for the Authority's property insurance for the 2004-2005 policy period; and

WHEREAS, the Authority did not receive responses to its solicitation from the private market by the posted deadline; and

WHEREAS, insurance on all property owned and operated by the Authority is a necessary and required expense; and

WHEREAS, in an effort to reduce the Authority's premium and obtain additional quotes for the 2004-2005 policy period, the Authority initiated a solicitation process using twenty major brokerage firms; and

WHEREAS, the private market remains unresponsive to providing quotes to the Authority; and

WHEREAS, the Authority's policy is due to expire on October 1, 2004; and

WHEREAS, funding for the insurance services described herein is available as part of the Authority's Low-Income Operating Budget and Section 8 Budget;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE HOUSING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. The Executive Director is hereby authorized to renew coverage with Housing Authority Property Insurance, Inc. in an amount not to exceed $801,904.

2. This resolution shall take effect immediately.

APPROVED AS TO FORM AND LEGALITY: REVIEWED BY:

DONNA MARTIN
General Counsel

GREGG FORTNER
Executive Director

8-20-04
DATE

8/20/2004
DATE

SAN FRANCISCO HOUSING AUTHORITY

440 TURK STREET • SAN FRANCISCO • CALIFORNIA • 94102 • (415) 554-1200

CERTIFICATE

I, George R. Brown, duly elected Vice President of the Board of Commissioners of the Housing Authority of the City and County of San Francisco, do hereby certify that the following was adopted at the Regular Meeting of the Commission held on August 26, 2004:

RESOLUTION NO. 5179

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RENEW THE PROPERTY INSURANCE WITH HOUSING AUTHORITY PROPERTY INSURANCE IN AN AMOUNT NOT TO EXCEED $801,904.00

Attached is a true and correct copy of the Resolution as adopted at the said meeting, on file and on record as adopted by the following vote of the Members:

FOR ADOPTION:
George R. Brown
Julie Lee
Betty J. Smith
Neola Gans

AGAINST ADOPTION:

ABSENT (EXCUSED):
George Woodruff
Sululagi Palega, Sr.

IN TESTIMONY, WHEREOF, I have hereto set my hand and seal of said Authority this date: November 9, 2004.

George R Brown

George R. Brown, Vice President
SFHA Commission

HOUSING AUTHORITY
OF THE
CITY AND COUNTY OF SAN FRANCISCO

Minutes of Regular Meeting
Thursday, August 26, 2004

440 Turk Street
San Francisco, California

The Housing Authority of the City and County of San Francisco met in a regularly scheduled meeting at 440 Turk Street, San Francisco, California on Thursday, August 26, 2004, at 4:00 p.m.

President Julie Lee called the meeting to order at 4:04 p.m.

DOCUMENTS DEPT.

JUN - 8 2005

SAN FRANCISCO
PUBLIC LIBRARY

1. ROLL CALL

Roll call found the following members to be:

PRESENT: *Julie Lee, President*
George R. Brown, Vice President
Sululagi Palega Sr., Commissioner (arrived at 4:10p.m., excused at 4:45p.m.)
Betty J. Smith, Commissioner
Neola Gans, Commissioner

ABSENT: *Rev. George Woodruff, Commissioner (excused)*
A quorum was present.

ALSO PRESENT: *Mr. Gregg Fortner, Executive Director*
Ms. Donna Martin, Agency Counsel

President Lee stated that there were very important matters to be considered by the Commission and the Commissioners have an obligation to the public housing residents to give the matters their full and fair attention. President Lee added that in order to avoid any possible disturbances to conducting the business at hand, she asked Vice President Brown to chair the meeting. President Lee thanked the public for their cooperation and Vice President Brown for his assistance.

2. APPROVAL OF AGENDA

Commissioner Smith moved to approve the agenda. Commissioner Gans seconded the motion. The motion to approve the agenda was unanimously passed.

3. APPROVAL OF MINUTES

Commissioner Gans moved to approve the minutes of August 12, 2004. Commissioner Smith seconded the motion. The motion to approve the minutes of the August 12, 2004 Commission Meeting was unanimously passed.

4. GENERAL COMMUNICATIONS

Executive Director, Gregg Fortner stated that the first item in the Commissioners' folders was the Commission Request Log and everything was up to date. Next, Mr. Fortner stated that the vacancy report was down to 281 vacant units. This made the vacancy rate lower than 3% and the occupancy rate at a little over 98%. The shooting incident report followed, and showed a decrease in activity since the SFHA partnered with the SFPD. The subsequent correspondence was from the Police Commission indicating their approval of the Memorandum of Understanding between the SFHA and SFPD on August 18, 2004. Next was the staff's response to a public comment at the July 22, 2004, Commission Meeting. Mr. Fortner stated that the next piece of correspondence was in response to Commissioner Palega's request for the services provided to victims, witnesses and others affected by crimes in public housing. Mr. Fortner provided the Commission with copies of a document of services sent to the residents, a resource directory used by the Domestic Violence Intervention Office, and supplemental service provider sheets. The next document was an excerpt from the Municipal Law Book on how to conduct a meeting if there are disruptions. In the Commissioners' envelopes were the legal log and an update on the agency's troubled status. Mr. Fortner emphasized that the SFHA would not lose any existing funding based on the status HUD put on the agency.

Vice President Brown asked how the residents receive the service provider information. Mr. Fortner explained that it could be mailed, but often times, when a community experiences tragic or violent incidences the SFHA would collaborate with the Department of Health and other services to meet on site with the residents.

Commissioner Palega arrived at the meeting.

5. REPORT OF SECRETARY

Mr. Fortner explained that the next Commission meeting falls on a state holiday. The Commission bylaws stipulate that in this event, the Commission meeting must be scheduled for the following workday. Therefore, Mr. Fortner announced that the next Commission meeting would be scheduled for Friday, September 10, 2004, 4:00p.m. Commissioner Palega commented that September 10, 2004, did not work for him and wanted to know if the meeting could be scheduled for the next Tuesday. Mr. Fortner answered that the meeting could be rescheduled for any date, but it had to be scheduled for September 10, 2004, due to the bylaws.

Mr. Fortner reported that the National Organization of Resident Management Corporation (NORMC) was in San Francisco for their annual conference and really enjoyed themselves. Mr. Fortner said that NORMC especially wanted to thank Commissioners Smith and Gans for hosting the reception on August 17, 2004. They also wanted to thank Joyce Armstrong, Marie Swanson, and Kimberly Brown for helping with registration and being great hostesses. Thanks also went to Steve Haines and Juan Monsanto for touring them around the city.

Mr. Fortner announced that Rev. Amos Brown had been appointed by the mayor to sit on the Board of Commissioners for the SFHA. Rev. Brown would replace Rev. Woodruff, who filled the rest of Rev. Boyd's term after his reappointment. Mr. Fortner stated that Rev. Brown had not been sworn in and Rev. Woodruff would remain until he was. Mr. Fortner suggested that the Commission convey its appreciation for Rev. Woodruff's service in the form of a proclamation. Mr. Fortner described Rev. Woodruff service as nonbiased, objective, diligent and he was consistent in his attendance.

Commissioner Smith asked Mr. Fortner if it were possible that Rev. Woodruff fill the seat of Andrew Clark. She said that he is a very good Commissioner and truly an honest man that deserves that opportunity. Mr. Fortner replied that this would be Mayor's choice and the Mayor might have plans for Rev. Woodruff that others don't know about. Mr. Fortner added that staff is lobbying to keep Rev. Woodruff and wanted to express sincere gratitude for his service. Vice President Brown asked if Mr. Fortner knew when Rev. Brown would be sworn in. Mr. Fortner replied that the SFHA usually receives advance notice of the ceremony and would notify the Commissioners immediately.

6. COMMITTEE REPORTS

Diversity Committee
No report.

Finance Committee
No Report.

Personnel Committee
No report.

7. REPORT OF AGENCY COUNSEL

Agency Counsel Donna Martin stated that there was no closed session and nothing to report.

8. TENANT REPRESENTATIVE REPORT

City Wide Council - Senior/Disabled

President of the City Wide Council – Senior/Disabled, William Vitalie reported that the organization had requested deferments from HUD in reference to the rules and regulations. Mr. Vitalie stated that it seemed that the deferments would be awarded. The City Wide Council – Senior/Disabled was also preparing for their annual trip to be held on a Horn Blower Cruise around the Bay. Rufus Davis would be present to register people to vote.

Public Housing Tenants Association (PHTA)

President of the PHTA, Kimberly Brown thanked Ignatius Leonor, the maintenance staff, the Housing Development and Modernization Department, the Office of Fair Housing, and everyone who helped with the NORMC conference. Ms. Brown stated that the conference proved that residents and staff could effectively work together. Ms. Brown also announced job openings for the Department of Public Works, listed where applications could be obtained and provided a brief job description. Ms. Brown thanked Dizella Carter, the District 2 Manager, for working with the Martin Luther King and Marcus Garvey Cooperative to have a block party on Saturday, August 28, 2004. Prior to the block party, a town hall meeting with the Mayor would be held. Also, on August 28, 2004, 11:00a.m. – 1:00p.m., a back to school give away would be held at Martin Luther King Park in Bay View Hunter's Point.

Mr. Fortner added that on August 28, 2004, APRI would be holding a voter registration drive and basketball tournament at the Milton Meyers Gym. Ms. Brown stated that Hunter's Point A West reported that their APRI voter registration drive was a success and they also added a girl's team to the basketball tournament.

Commissioner Palega stated that in order to receive the school supplies, a person must obtain a ticket from one of the agencies listed on the flyer and parents are encouraged to attend with their child.

9. PUBLIC COMMENTS ON AGENDA ITEMS: LIMITED TO 2 MINUTES

NOTE: *The public will have the opportunity to comment on agenda items prior to any action taken by the Commission pursuant to the San Francisco Housing Authority Rules Governing Public Testimony adopted 2/23/95 as Resolution No. 4423. Prior to adjournment, after Item No. 11, the public will have the opportunity to comment on items not on the agenda.*

Mark Sharwood, stated that his comments pertained to Item 11A of the agenda. The MOU was the agreement reached between the employees and the SFHA. Mr. Sharwood said that the MOU had been ratified by the employees and encouraged the Commission to pass the resolution.

Avedis Avedikian declined to speak.

10. UNFINISHED BUSINESS – None

11. NEW BUSINESS

Resolution No. 5175

(A) RESOLUTION RATIFYING THE APPROVAL AND EXECUTION OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE SAN FRANCISCO HOUSING AUTHORITY AND THE SERVICE EMPLOYEES' INTERNATIONAL UNION, LOCAL 1877, CUSTODIANS

Mike Roetzer, Administrator for Management Services and Support welcomed Mark Sharwood who had worked closely with the SFHA to develop the MOU over the last two years. Mr. Roetzer also acknowledged Shawn Bartlett, the new SEIU 1877 representative, and the other custodians present in the audience. Mr. Roetzer stated that the MOU is effective from October 1, 2002 through September 30, 2006. The MOU contains provisions for pay increases that settle contractual issues that may arise, and it continues custodian benefits at its current level.

Commissioner Palega asked if the pay would be retroactive according to their time with the agency. Mr. Roetzer answered yes. Commissioner Palega asked if the pay would be received incrementally or in a lump sum. Mr. Roetzer replied that the Finance Department would calculate the retroactive pay owed to the employees as soon as the MOU was approved by the Commission.

President Lee asked how many employees would be affected by this MOU. Mr. Roetzer answered 42.

Avedis Avedikian addressed the Commission. Mr. Avedikian explained the process the employees went through to approve the MOU by the employees. Vice President Brown asked if the custodians continued to work during the negotiations. Mr. Avedikian answered yes. Vice President Brown commended the custodians for continuing to work and not creating a work stoppage during this process.

Commissioner Lee moved to approve Resolution No. 5175.

Ms. Laura Gi asked if she could address the Commission before they proceeded with the vote. Ms. Gi explained how the number of custodians has declined and thanked Mr. Fortner for commending them on their job performance with less people. Ms. Gi stated

that she is a part of the vacate crew that used to have 13 people and now only has six. She requested that more custodians be hired.

Commissioner Palega seconded the motion.

Due to excessive disruption of the Commission meeting, Vice President Brown recessed the meeting at 4:30 p.m. Vice President Brown reconvened the meeting at 4:38 p.m.

President Lee restated her motion to approve Resolution No. 5175. Commissioner Palega restated his second. The motion to approve Resolution No. 5175 was unanimously passed.

Resolution No. 5176

(B) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH U.S. BANK FOR THE AUTHORITY'S GENERAL BANKING SERVICES IN AN AMOUNT NOT TO EXCEED $56,000.00 DURING THE FISCAL YEAR 2004-2005

Commissioner Palega was excused from the meeting during the explanation of this resolution.

David Esparza, Chief Financial Officer presented the resolution. Mr. Esparza stated that since 1992, the SFHA has had its general banking services with Bank of America and since 1999, the SFHA has had its trust banking services with U.S. Bank. By moving all of the SFHA's banking services to U.S. Bank, the Authority would realize cost savings and more efficient banking products in the future to save the Agency even more money.

Commissioner Palega asked if all of the Authority's funds would be at U.S. Bank, or just a certain portion. Mr. Esparza answered that all of the Authority's banking services would be at U.S. Bank. Commissioner Palega asked how this would impact employees when they attempt to cash their checks because there are not that many U.S. Banks around. Mr. Esparza responded that 80% of SFHA employees receive direct deposit and only 20% would need these services. Mr. Esparza asked David Kepper, Relationship Manager for U.S. Bank to come forward. Mr. Kepper responded that a number of years ago, when the $5 check cashing was first introduced, U.S. Bank made it a policy to waive the fees for government employees. Mr. Kepper explained that U.S. Bank has programs for individuals that do not or cannot have a bank account. A debit card program could be created and increase the SFHA direct deposit program. Currently, there would be no fees for an employee cashing a check at a U.S. Bank. Commissioner Palega asked how many U.S. Bank branches there are. Mr. Kepper answered that he did not know. Mr. Kepper introduced Ron Taft, Manager of the Bay View branch. Mr. Taft answered that there are 18 branches in the immediate area and 57 in the Bay Area.

President Lee asked if they were the same bank as Bay View Savings and Loans. Mr. Taft answered that they were previously Bay View Bank and are not U.S. Bank. President Lee asked how much the banking services at Bank of America costs per year. Mr. Esparza answered that last year, banking services with Bank of America cost the Agency $84,292.00. President Lee asked if U.S. Bank had exceptional electronic banking services for its customers. Mr. Esparza stated that when the SFHA entered into the discussions to consider moving the Agency's services, exceptional products were one of the primary criteria for choosing a bank. President Lee asked what advantages U.S. Bank could provide in the future. Mr. Kepper responded that he had been in conversations with Mr. Esparza about more efficient methods of improving productivity, such as collecting rent electronically, and dispersing rent to Section 8 property owners electronically. Mr. Kepper added that U.S. Bank is the only bank to waive ATM fees for people who receive benefits on an electronic benefit transfer card. Mr. Kepper explained that the technology of Check 21 legislation allows the bank to capture the image of a processed check to provide the SFHA with information faster and more efficiently.

Commissioner Smith asked if U.S. Bank had a branch near the Housing Authority. Mr. Esparza answered that there is one at the corner of Van Ness and Golden Gate.

President Lee asked where the headquarter office was. Mr. Kepper answered that U.S. Bank is headquartered in Minneapolis. Mr. Kepper stated that he is the Government Relations Manager and is office is in Walnut Creek, CA. The headquarter office for government banking is in Sacramento, CA.

Vice President Brown asked if other banks submitted bids and whether Bank of America was given the opportunity to counter U.S. Bank's bid. Mr. Esparza stated that one of the reasons conversations were initiated with U.S. Bank was because the SFHA was not getting a response from Bank of America. Bank of America was not forthcoming, nor helpful in resolving the SFHA concerns. Mr. Esparza stated that they considered this an indication of how serious Bank of America was about the SFHA's business and decided to take it elsewhere. Mr. Esparza added that the procurement policy required that a general analysis of the cost be performed. An informal procurement was done which placed U.S. Bank above the other banks.

Commissioner Smith moved to approve Resolution No. 5176. Commissioner Gans seconded the motion. The motion to approve Resolution No. 5176 was unanimously passed.

Resolution No. 5177

(C) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A CONTRACT WITH PRIBUSS ENGINEERING, INC. FOR BOILER, PUMP, AND PIPE REPLACEMENT WORK AT CAL 1-19(1), 990 PACIFIC AVENUE, IN AN AMOUNT NOT TO EXCEED $219,740.00

Barbara Smith, Administrator of Housing Development and Modernization presented the resolution. Ms. Smith stated that the building was constructed in 1969 with 92 senior and disabled dwelling units. The domestic hot water system was 35 years old and beyond repair. The existing boilers were unreliable and their replacement urgently needed to ensure uninterrupted hot water service. The procurement process was based on the policy and procedures of the Procurement Department. The process complied with HUD regulations and SFHA policies. The Housing Development and Modernization Department developed the documents, plans and specifications in conjunction with Mechanical Solutions, the Authority's mechanical engineering service provider. The documents were reviewed by the Procurement and Contracts Department prior to advertising. The standard outreach and advertising was performed. Eight potential bidders requested the invitation for bid documents, plans and specifications. On July 13, 2004, five contractors attended the bid walk. After the bid walk, local unions were contacted to solicit bids from their members. On July 27, 2004, the SFHA received five bids. The lowest bidder was Pribuss Engineering, Inc. and their bid was within the budget by 1%. The reference check confirmed that Pribuss was the most responsive and responsible bidder. Ms. Smith explained the firm's experience with governmental agencies as well as private companies in performing similar work. The work would include surveying and verifying existing conditions, demolition and removal of asbestos in accordance with the SFHA hazardous materials procedures, and demolition and replacement of the existing heating and domestic hot water boilers, pumps, accessories, controls and pipes. New equipment and accessories would be furnished and installed. A new electrical panel would also be installed in the boiler room. During construction, the heating and hot water would remain functional. Pribuss had also committed to exceeding the 25% resident hiring goal. The contractor estimated it would take 550 hours to complete the work and a minimum of 137.5 hours would be allocated to a resident. The resident employee would work with the contractor and would go through union training as an apprentice for a plumber or steam fitter. The contractor achieved 91% MBE/WBE participation and is a Section 3 business. Ms. Smith stated that staff recommended the approval of the resolution.

President Lee asked if there were any guarantees on the work and parts. Ms. Smith answered that there is a one-year guarantee on the work and equipment and could be extended pending a cost and benefits analysis. Typically, maintenance is trained on the upkeep of the boilers when the contractor turns it over.

Vice President Brown asked what phase of the work the three subcontractors would perform. Jerry Brick, Service Manager of Pribuss Engineering answered that there was a demolition abatement subcontractor, an electrical subcontractor, a metal subcontractor, and a insulation specialist. Vice President Brown asked if they would be hiring the residents or would the subcontractors. Mr. Brick replied that the demolition abatement contractor would be the most likely to hire outside work, but they hadn't gotten back to him yet confirming a response. The other subcontractors said that they have no intention of hiring resident employees. In response to Vice President Brown's next question, Mr.

Brick stated that they would provide the apprenticeship opportunities for a resident employee and had already contacted the Local 38 Union to do so if awarded the contract.

Commissioner Smith asked if Pribuss was a small company. Mr. Brick answered that they are classified as a small business and had been in business for almost 30 years. Mr. Brick added that they are the largest mechanical contractor that is a union shop. Commissioner Smith asked if that is why Mr. Brick was reluctant to commit to hiring more than one resident. Mr. Brick responded that the main reason was the scope of the job which would primarily consist of two people. Commissioner Smith asked if Pribuss had previously worked for the SFHA. Mr. Brick answered that it was about 10 years ago.

President Lee asked what the life expectancy of the equipment was. Mr. Brick answered about 30 years is average.

President Lee moved to approve Resolution No. 5177. Commissioner Gans seconded the motion. The motion to approve Resolution No. 5177 was unanimously passed.

Resolution No. 5178

(D) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RENEW THE GENERAL LIABILITY INSURANCE WITH HOUSING AUTHORITY RISK RETENTION GROUP IN AN AMOUNT NOT TO EXCEED $1,225,949.00

Resolution No. 5179

(E) RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO RENEW THE PROPERTY INSURANCE WITH HOUSING AUTHORITY PROPERTY INSURANCE IN AN AMOUNT NOT TO EXCEED $801,904.00

Dominica Henderson of the Office of General Counsel stated that the Authority had a very successful year in managing the claims and a more preventative maintenance program to decrease the number of claims submitted. The property policy was updated to reflect the current properties and omit demolished developments. The solicitation process for the liability insurance began in June. Ms. Henderson explained that if the SFHA chose to go with a nonprofit insurance group, such as Housing Authority Risk Retention Group, it does not have to perform a general procurement. Nevertheless, the SFHA investigated the private market to determine the possibilities. A request for proposals was issued and the SFHA did not receive any requests for the SFHA loss history for either policy. The loss history is mandatory for an insurance company to provide a quote. Staff interpreted this as the private industry's disinterest in servicing the SFHA. Therefore, the SFHA decided to secure a liability and property insurance policy with HARRG and HAPI. The quotes the SFHA received this year are significantly less than last year. The liability policy was quoted at $94,000 less. There are two options for the property policy. One is an underinsured value of $657,000, which is $131,000 less than last year. A lower

rate is charged for the higher value, but the premium would increase to $801,904. Ms. Henderson stated that if the resolutions are approved the Agency would be able to decide, with the assistance of the Finance Department and the fixed asset report, which policy is best for the SFHA. The property and liability policies expire in October, so there is plenty of time to make an informed decision.

President Lee asked if the options should be discussed. Ms. Henderson responded that the resolution is written so that the premium would not exceed the higher quote. President Lee commended the staff for their diligence in getting lower quotes for the insurance.

President Lee moved to approve Resolution Numbers 5178 and 5179. Commissioner Smith seconded the motion. The motion to approve Resolution Numbers 5178 and 5179 was unanimously approved.

Mr. Fortner announced that Ms. Henderson would be leaving the SFHA to pursue her graduate work at Harvard. The Commission congratulated her.

12. PUBLIC COMMENTS ON ITEMS NOT ON AGENDA

Sarah Benton, stated that she received a Section 8 voucher and found a place in the Hunter's View area, but was told 2-3 weeks later that it had been pulled by Nannette Sparks because she had moved into a hotel. Ms. Benton said that David Chan told her that moving into a hotel would not affect her Section 8 voucher. Ms. Benton shared her experiences of violence with the Commission and the police reports she had turned in. Ms. Benton said that in January, Larry Andrews told her to stop going to the Commission meetings and that he would get her a one-bedroom unit but she is still in a rat infested hotel with drug abusers.

13. COMMISSIONER COMMENTS AND REPORTS

President Lee stated that she was pleased that Rev. Amos Brown was appointed to the SFHA Commission. President Lee described him as a long time community advocate, church leader, and former supervisor. She stated that she supported his position and looked forward to working with him.

Vice President Brown stated that it was good to see President Lee back at the meeting and that she was missed. President Lee thanked everyone for their support.

14. ADJOURNMENT

There being no further business to come before the Commission Vice President Brown adjourned the regularly scheduled meeting of August 26, 2004 at 5:17 p.m.

Gregg Fortner, Secretary/Executive Director

George Brown, Vice President

4714

HOUCHEN
BINDERY LTD
UTICA/OMAHA NE.
2004